

FY 2014 Accounting of Drug Control Funds

Office of National Drug Control Policy

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ONDCP Circular: Annual Accounting of Drug Control Funds

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Executive Summary

Background

This Summary presents for Congress the *Fiscal Year 2014 Accounting of Drug Control Funds*. As part of the 1998 law that reauthorized the Office of National Drug Control Policy (ONDCP), a provision was added (Public Law 105-277, October 21, 1998 [Div.C, Title VII], Section 705(d)), which mandates that the Director of ONDCP shall, “(A) require the National Drug Control Program agencies to submit to the Director not later than February 1 of each year a detailed accounting of all funds expended by the agencies for National Drug Control Program activities during the previous fiscal year, and require such accounting to be authenticated by the Inspector General for each agency prior to submission to the Director; and (B) submit to Congress not later than April 1 of each year the information submitted to the Director under subparagraph (A).” That provision was not changed by the ONDCP Reauthorization Act of 2006 (Public Law 109-469, December 29, 2006).

In order to comply with this statutory provision, ONDCP issued a Circular, *Accounting of Drug Control Funding and Performance Summary* (dated January 18, 2013) to all National Drug Control Program agencies defining the requirements for annual accounting submissions. The Circular specifies, “Each report...shall be provided to the agency’s Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in the report.” In assessing reliability, ONDCP anticipates each IG will conduct an attestation review consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants. An attestation review is more limited in scope than a standard financial audit, the purpose of which is to express an opinion on management’s assertions. The objective of an attestation review is to evaluate an entity’s financial reporting and to provide negative assurance. Negative assurance, based on the criteria established by the ONDCP Circular, indicates that nothing came to the attention of the IG that would cause them to believe an agency’s submission was presented other than fairly in all material respects.

Department Compliance and Attestation Reviews

The table below provides summary information on Department compliance and the status of the attestation reviews. For the purpose of this report, “pass” indicates an agency’s Office of Inspector General (OIG) was able to complete their review and provide negative assurance. Conversely, “fail” indicates that an agency’s assertions regarding its FY 2014 drug control obligations were not reviewable. Details on each agency’s report are provided below.

FY 2014 Accounting of Drug Control Funds

Department/Bureau	Compliance with ONDCP Circular (Yes/No)	IG/ Indep. Auditor Attestation Review (Pass/Fail)	Material Weakness Identified (Yes/No)
Agriculture			
United States Forest Service	Yes	N.A. ¹	N.A. ¹
Court Services and Offender Supervision Agency			
Community Supervision and Pretrial Services	Yes	Pass	No
Pretrial Services Agency	Yes	Pass	No
Defense			
Drug Interdiction and Counterdrug Activities	Yes	Pass	No
Education			
Office of Safe and Drug-Free Schools	Yes	Pass	No
Health and Human Services			
Administration for Children and Families	Yes	N.A.	N.A. ¹
Indian Health Service	Yes	Pass	No
National Institute on Drug Abuse	Yes	Pass	No
National Institute on Alcohol Abuse and Alcoholism	Yes	Pass	No
Health Resources Service Administration	Yes	N.A.	N.A. ¹
Substance Abuse and Mental Health Services Administration	Yes	Pass	No
Housing and Urban Development			
Office of Special Needs Assistance Programs	No	N.A. ²	N.A.
Homeland Security			
Customs and Border Protection	Yes	Pass	Yes
Federal Law Enforcement Training Center	Yes	N.A. ¹	N.A. ¹
Immigration and Customs Enforcement	Yes	Pass	Yes
United States Coast Guard	Yes	Pass	Yes
Interior			
Bureau of Indian Affairs	Yes	N.A. ¹	N.A. ¹
Bureau of Land Management	Yes	N.A. ¹	N.A. ¹
National Park Service	Yes	N.A. ¹	N.A. ¹
Justice			
Asset Forfeiture Fund	Yes	Pass	Yes
Bureau of Prisons	Yes	Pass	No
Criminal Division	Yes	Pass	No
Drug Enforcement Administration	Yes	Pass	No
Office of Justice Programs	Yes	Pass	No
Organized Crime Drug Enforcement Task Force	Yes	Pass	No
United States Attorneys	Yes	Pass	No
United States Marshals Service	Yes	Pass	No
United States Marshals Service - Office of Federal	Yes	Pass	No

FY 2014 Accounting of Drug Control Funds

Department/Bureau	Compliance with ONDCP Circular (Yes/No)	IG/ Indep. Auditor Attestation Review (Pass/Fail)	Material Weakness Identified (Yes/No)
Detention Trustee			
Labor			
Employment and Training Administration	Yes	N.A. ¹	N.A. ¹
State			
International Narcotics and Law Enforcement Affairs	Yes	Pass	No
United States Agency for International Development	Yes	Pass	Yes
Transportation			
Federal Aviation Administration	Yes	Pass	N.A. ¹
National Highway Traffic Safety Administration	Yes	Pass	N.A. ¹
Treasury			
Internal Revenue Service	Yes	Pass	No
Veterans Affairs			
Veterans Health Administration	Yes	Pass	No

¹In compliance with the ONDCP Circular, the Agency submitted an alternative report because the requirements created an unreasonable burden.

²In a failure to comply with the ONDCP Circular, the Department of Housing and Urban Development did not submit an annual accounting report to its Inspector General, and, therefore, the Inspector General could not conduct a review.

Summary of Agency Reports

Department of Agriculture

The Department of Agriculture's (USDA) drug control accounting submission (Tab A) falls below the reporting threshold of \$50 million; therefore, the submission is a limited report of USDA's FY 2014 drug-related obligations. The USDA submission satisfies all requirements established by the ONDCP Circular and was assessed a rating of "pass."

Court Services and Offender Supervision Agency

The Court Services and Offender Supervision Agency FY 2014 accounting submission (Tab B) includes separate reports for the Community Supervision Program (CSP) and the Pretrial Services Agency (PSA). The funding level for the CSP and PSA FY 2014 drug-related activities fall below the reporting threshold of \$50 million. Therefore, the submissions consist of a limited report that includes a table of FY 2014 obligations. The submissions satisfy all requirements established by the ONDCP Circular. CSP and PSA were assessed a rating of "pass."

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Department of Defense

The Department of Defense's (DoD) accounting of FY 2014 drug control obligations (Tab C) satisfies requirements established by ONDCP's Circular. The DoD OIG stated that nothing came to their attention that caused them to believe the submission was presented inaccurately in all material aspects. DoD was assessed a rating of "pass."

Department of Education

The Department of Education's accounting of FY 2014 drug control obligations (Tab D) satisfies all requirements established by ONDCP's Circular. No material weaknesses were found. Given this, Education was assessed a rating of "pass."

Department of Health and Human Services

The Department of Health and Human Services' (HHS) FY 2014 drug control obligations accounting submission (Tab E) includes separate reports for the Administration For Children and Families (ACF), Indian Health Service (IHS), the National Institutes of Health's (NIH) National Institute on Drug Abuse (NIDA) and National Institute on Alcohol Abuse and Alcoholism (NIAAA), the Health Resources and Services Administration (HRSA), and the Substance Abuse and Mental Health Services Administration (SAMHSA). The Centers for Medicare & Medicaid Services (CMS) Grants to States for Medicaid and Medicare programs are not included; CMS reports actuarial outlay estimates for this mandatory spending program rather than budget authority. Therefore, it is not appropriate to produce a detailed accounting submission containing a table of prior year obligations and corresponding assertions.

ACF: The funding level for ACF's FY 2014 drug-related activities falls below the reporting threshold of \$50 million; therefore, the submission consists of a limited report that identifies its FY 2014 drug-related obligations.

IHS: The OIG attested that the IHS submission and management assertion complied with the ONDCP Drug Control Accounting Circular. No material weaknesses were found. IHS was assessed a rating of "pass."

NIDA: The OIG attested that the NIH-NIDA submission and management assertion complied with the ONDCP Drug Control Accounting Circular. No material weaknesses were found. NIH-NIDA was assessed a rating of "pass."

NIAAA: The OIG attested that the NIH-NIAAA submission and management assertion complied with the ONDCP Drug Control Accounting Circular. No material weaknesses were found. NIH-NIDA was assessed a rating of "pass."

HRSA: The funding level for HRSA's FY 2014 drug-related activities falls below the reporting threshold of \$50 million; therefore, the submission consists of a limited report that identifies its FY 2014 drug-related obligations.

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SAMHSA: The OIG attested that the SAMHSA submission and management assertion complied with the ONDCP Drug Control Accounting Circular. No material weaknesses were found. SAMHSA was assessed a rating of “pass.”

Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) did not submit an FY 2014 accounting report for the Office of Special Needs Assistance Programs, as required by the ONDCP Circular.

Department of Homeland Security

The Department of Homeland Security’s (DHS) accounting submission (Tab F) includes separate reports for Customs and Border Protection (CBP), Federal Law Enforcement Training Center (FLETC), Immigration and Customs Enforcement (ICE), and the United States Coast Guard (USCG).

CBP: For FY 2014, CBP satisfies requirements established by ONDCP’s Circular. The DHS OIG mentioned a finding in CBP’s Financial Systems Security, but determined that the financial data displayed is accurate despite the IT general and application control weaknesses. CBP was assessed a rating of “pass.”

FLETC: FLETC’s FY 2014 drug-related obligations fall below the reporting threshold of \$50 million; therefore, the submission consists of a limited report that includes a table of FY 2014 drug-related obligations. The submission satisfies all requirements established by ONDCP’s Circular. FLETC was assessed a rating of “pass.”

ICE: ICE satisfies requirements established by ONDCP’s Circular. In ICE’s FY 2014 drug control report, auditors noted that ICE contributed to the weaknesses mentioned in the DHS financial statement audit in both financial reporting and budgetary accounting. The auditors found that the weaknesses don’t impact drug-scored accounts. ICE anticipates completion of its remediation plan and will routinely verify and validate obligation data. ICE was assessed a rating of “pass.”

USCG: The USCG has met requirements established by ONDCP’s Circular. In the FY 2014 drug control obligations report, the USCG contributed to the following material weaknesses mentioned in the independent auditor’s report of DHS FY 2014 financial statements and internal controls: financial reporting; IT controls and system functionality; property, plant and equipment; and budgetary accounting. While the USCG contributed to departmental material weaknesses, it was determined that the aforementioned weaknesses don’t have a significant effect upon the USCG’s FY 2014 drug-related obligations data. The USCG was assessed a rating of “pass.”

Department of the Interior

FY 2014 Accounting of Drug Control Funds

The Department of the Interior's (DOI) accounting submission (Tab G) includes separate reports for the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), and National Park Service (NPS). The funding level for all three bureaus' FY 2014 drug-related activities fall below the reporting threshold of \$50 million; therefore, the submissions consist of a limited report that includes a table of FY 2014 drug-related obligations. The submissions satisfy all requirements established by the ONDCP Circular. BIA, BLM and NPS were all assessed a rating of "pass."

Department of Justice

The Department of Justice's (DOJ) accounting submission (Tab H) includes separate reports for the Asset Forfeiture Fund (AFF), Bureau of Prisons (BOP), Criminal Division (CRM), Drug Enforcement Administration (DEA), Office of Federal Detention Trustee (OFDT), Office of Justice Programs (OJP), Organized Crime Drug Enforcement Task Forces (OCDEF), United States Attorneys (USA), and United States Marshals Service (USMS).

AFF: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. There was one noted material weakness related to a need to improve the quality of the financial reporting process. This finding has an undetermined impact on the presentation of the AFF's drug-related budgetary resources and performance. AFF was assessed a rating of "pass."

BOP: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were identified in the attestation review. BOP was assessed a rating of "pass."

CRM: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were noted. CRM was assessed a rating of "pass."

DEA: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were identified in the attestation review. DEA was assessed a rating of "pass."

OJP: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were identified in the attestation review. OJP was assessed a rating of "pass."

OCDEF: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were noted. OCDEF was assessed a rating of "pass."

EOUSA: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were noted. EOUSA was assessed a rating of "pass."

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USMS and USMS/FDT: The FY 2014 accounting report satisfies all requirements established by ONDCP's Circular, including the rendering of a negative assurance by the DOJ OIG. No material weaknesses were noted. USMS and USMS/FDT was assessed a rating of "pass."

Department of Labor

The Department of Labor (DOL) FY 2014 accounting report (Tab I) was submitted for the Employment and Training Administration (ETA). The funding level for its FY 2014 drug-related activities falls below the reporting threshold of \$50 million; therefore, the submission consists of a limited report that identifies its FY 2014 drug-related obligations.

Department of State and Other International Programs

The Department of State's (State) accounting submission includes separate reports (Tab J) for the Bureau of International Narcotics and Law Enforcement Affairs (INL) and U.S. Agency for International Development (USAID).

INL: The FY 2014 drug control accounting submission satisfies all requirements established by the ONDCP Circular. An independent auditor identified no material weaknesses. INL was assessed a rating of "pass."

USAID: The FY 2014 drug control accounting submission satisfies all requirements established by the ONDCP Circular. An OIG identified one deficiency considered a material weakness - USAID did not reconcile its Fund Balance with the Treasury Account with the U.S. Treasury and resolve reconciling items in a timely manner. Corrective actions are underway to address this material weakness. USAID was assessed a rating of "pass."

Department of Transportation

The Department of Transportation's accounting submission includes separate reports (Tab K) for the Federal Aviation Administration (FAA) and the National Highway Traffic Safety Administration (NHTSA)

FAA: The funding level for FAA's FY 2014 drug-related activities falls below the reporting threshold of \$50 million; therefore, the submission consists of a limited report that identifies its FY 2014 drug-related obligations. DOT's OIG determined that the accounting report submission conforms to all requirements established by ONDCP's Circular, including an attestation that the alternative report submission is accurate and appropriate. FAA was assessed a rating of "pass."

NHTSA: The funding level for NHTSA's FY 2014 drug-related activities falls below the reporting threshold of \$50 million; therefore, the submission consists of a limited report that identifies its FY 2014 drug-related obligations. DOT's OIG determined that the accounting report submission conforms to all requirements established by ONDCP's Circular, including an

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attestation that the alternative report submission is accurate and appropriate. NHTSA was assessed a rating of “pass.”

Department of the Treasury

The FY 2014 accounting report of drug control obligations for the Department of the Treasury (Tab L) is presented in accordance with all requirements established by ONDCP’s Circular, including the rendering of a negative assurance by the Treasury Inspector General for Tax Administration. No material weaknesses were identified. The Department was assessed a rating of “pass.”

Department of Veterans Affairs

The Department of Veterans Affairs (VA), Veterans Health Administration’s (VHA) accounting of FY 2014 drug control obligations (Tab M) satisfies all requirements established by ONDCP’s Circular. However, the IG noted one material weakness in VA’s Financial Management System concerning Information Technology Security Controls. That said, the IG has indicated, “except for the effects, if any, of the [Information Technology Security Controls material weakness], nothing came to our attention that caused us to believe that management’s assertions included in the accompanying Submission of this report are not fairly stated in all material respects based on the criteria set forth in the Circular. Given this, VHA was assessed a rating of “pass.”

DEPARTMENT OF AGRICULTURE



Performance Summary Review

Drug Resources by Function	FY2012	FY2013	FY2014
Investigations	\$14.000	\$14,000	\$11.400
Intelligence	0.200	0.200	0.200
State and Local Assistance	0.700	0.600	0.600
Research and Development	0.000	0.000	0.000
Prosecution	0.300	0.300	0.200
Prevention	0.100	0.100	0.000
Total	\$15.300	\$15.200	\$12.400
Drug Resources by Decision Unit			
Detection & Monitoring	\$15.300	\$15.200	\$0.000
Law Enforcement Agency Support	0.000	0.000	12.400
Demand Reduction	0.000	0.000	0.000
Total	\$15.300	\$15.200	\$12.400
Drug Resources Personnel Summary			
Total FTEs	66	66	58
Information			
Total Agency Budget	\$4,845.9	\$4,556.6	\$4,770.6
Drug Percentage	0.3%	0.3%	0.3%

Budget Authority in Millions

Performance Introduction

In 2014, the U.S. Forest Service (FS) has continued to experience a variety of drug activity on lands under its jurisdiction. The information in this summary report reflects data and outcomes based on analysis of drug enforcement and investigation activities of the U.S. Forest Service Law Enforcement and Investigation (LEI) component. The estimation of funds allocated for drug enforcement activities are based on an analysis of LEI workload that takes into account all law enforcement responsibilities related to the mission of the FS. Fiscal Year (FY) 2014 is the second year the FS has been required to provide National Drug Control Program Performance Summaries using the current performance measure. Therefore, a current year target has not been established. This report includes performance measures, targets, and achievements for the years indicated and only where data or analysis is available. The data was gathered and reported using the Law Enforcement and Investigations Management Attainment Reporting System (LEIMARS), internal evaluations, and other agency information.

Management Assertions

1. Performance reporting system is appropriate and applied.

The LEI LEIMARS system captures performance information accurately and the system was applied properly to generate the performance data.

2. Explanations for not meeting performance targets are reasonable.

There were no established performance targets for LEI in FY 2014.

3. Methodology to establish performance targets is reasonable and applied.

The methodology described to establish future performance targets is reasonable.

4. Adequate performance measures exist for all significant drug control activities.

LEI's newly established performance measure is adequate and reflects all significant drug activities.



David L. Ferrell

Director

U.S. Forest Service

Law Enforcement & Investigations

1/21/2015

Date

COURT SERVICES AND OFFENDER SUPERVISION AGENCY





Court Services and Offender Supervision Agency

Office of the Director

January 23, 2015

The Honorable Michael Botticelli
Acting Director
Office of National Drug Control Policy
Executive Office of the President
Washington, DC 20503

Dear Mr. Botticelli:

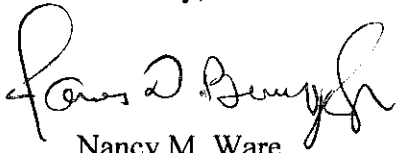
The Court Services and Offender Supervision Agency (CSOSA) is required by Office of National Drug Control Policy (ONDCP) Circular 'Accounting of Drug Control Funding and Performance Summary', dated January 18, 2013, to present assertions concerning the accounting of all FY 2013 funds expended on ONDCP activities and performance associated with these activities.

CSOSA is a relatively small Federal Agency comprised of two components: the Community Supervision Program (CSP) and the Pretrial Services Agency for the District of Columbia (PSA). CSOSA plays a unique, front-line role in the day-to-day public safety of everyone who lives, visits or works in the District of Columbia. CSP is responsible for supervision of offenders on probation, parole or supervised release, as well as monitoring Civil Protection Orders and deferred sentencing agreements; PSA is responsible for supervising pretrial defendants. CSOSA appropriated resources support ONDCP Prevention and Treatment drug control functions through our offender and defendant drug testing and substance abuse treatment activities.

The purpose of this report is to present CSP and PSA assertions concerning drug resource accounting and related performance information and my qualified authentication of these assertions. CSOSA does not have an Inspector General (IG) component or function to review and express a conclusion on the reliability of the accounting and performance assertions made in this report. Therefore, CSOSA requests a waiver for the IG authentication requirements outlined in the Circular.

To the best of my knowledge the FY 2014 accounting and performance assertions presented by CSOSA are accurate and complete. However, one continuing concern we share with other jurisdictions is that the use of synthetic drugs by our offender and defendant populations is not fully detectable by our current drug testing activities, which presents challenges to our supervision and treatment support activities.

Sincerely,

 for Nancy Ware

Nancy M. Ware
Director

Enclosures

CSOSA Community Supervision Program Accounting Submission / Assertions: dated January 16, 2015

CSOSA Community Supervision Program Performance Reporting Submission / Assertions: dated January 16, 2015

CSOSA Pretrial Services Agency for the District of Columbia Accounting and Performance Reporting Submission / Assertions: dated January 6, 2015



Court Services and Offender Supervision Agency

January 16, 2015

The Honorable Michael Botticelli
Acting Director
Office of National Drug Control Policy
Executive Office of the President
Washington, DC 20503

Dear Mr. Botticelli:

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular *Accounting of Drug Control Funding and Performance Summary*, I make the following assertions regarding the annual accounting of drug control resources for the Court Services and Offender Supervision Agency's (CSOSA's) Community Supervision Program (CSP) for the previous fiscal year (FY 2014). CSP is one of two programs (Decision Units) within the CSOSA appropriation.

FY 2014 Drug Control Obligations by Budget Decision Unit and Function:

I assert that drug budget obligations reported by CSP are the actual obligations from CSP's accounting system of record (Oracle Federal Financials), consistent with the drug budget methodology discussed below.

Drug Resources Function:	FY 2014 Actual (Millions)
Prevention	\$10.677
Treatment	\$24.408
Total Drug Resources by Function	\$35.085

Note that resources reported above do not include ONDCP High Intensity Drug Trafficking Area (HIDTA) grant funding received by CSP on a cost reimbursable basis.

Drug Control Methodology:

The CSOSA appropriation does not have specific line items or programs for drug control activities. CSP's offender drug testing and treatment support activities correlate with ONDCP's Prevention and Treatment functions.

I assert that the drug methodology used to calculate obligations of prior year budgetary resources by function was reasonable and accurate in accordance with the criteria listed in Section 6a(1) of the Circular. In accordance with these criteria, I have documented/identified data which support the drug methodology, explained and documented other estimation methods (the assumptions for which are subjected to periodic review) and determined that the financial system supporting the drug methodology yield data that present fairly, in all material respect, aggregate obligations from which drug-related obligation estimates are derived.

CSP uses a cost allocation methodology to determine ONDCP Prevention and Treatment function obligations, including both direct (e.g., direct staff, direct contracts) and indirect (e.g., rent, management) obligations, supporting CSP Drug Testing and Treatment activities. The resources for these activities are derived based on actual obligations posted to specific accounting parameters in Oracle Federal Financials and allocated to strategies and activities based on CSP's Strategic Plan framework.

Effective for the FY 2015 budget cycle, CSP reported the following new ONDCP Drug Budget resource methodology based on our new FY 2014 – 2018 Strategic Plan framework.

Prevention (Drug Testing):

Strategic Objective 1.2: Close Supervision

- 20 percent of resources allocated to Close Supervision (1.2) to account for offender Drug Testing (Prevention) resources.
 - Rationale: CSP estimates that 20 percent of resources allocated to Close Supervision are related to obtaining and testing offender drug samples.

Treatment:

Strategic Objective 2.1: Treatment and Support Services

- 50 percent of resources allocated to Treatment and Support Services (2.1) to account for offender substance abuse **Treatment** resources.
 - Rationale: CSP uses approximately 50 percent of our Treatment budget to support contract substance abuse treatment; the remaining 50 percent supports contract transitional housing, halfway back sanctions and sex offender treatment.

CSP Strategic Objective	Total FY 2014 Strategic Objective Resources (FY 2016 CSOSA CBJ)	FY 2014 ONDCP Drug Budget Resources (Millions)	ONDCP Function
1.2: Close Supervision	\$53.386	\$10.677	Prevention/Drug Testing
2.1: Treatment and Support Services	\$48.816	\$24.408	Treatment
Total CSP FY 2014 Drug Resources		\$35.085	

Material Weaknesses and Other Findings:

CSOSA received an “unqualified” (clean) opinion on the FY 2014 consolidated financial statements. The independent auditing firm KPMG found no significant material control weaknesses or significant control deficiencies.

Reprogrammings or Transfers:

In FY 2012, as a result of Agency budgetary challenges, CSP reduced our appropriated offender Treatment, Halfway Back Sanctions and Transitional Housing budget by \$1.685 Million. In FY 2013, as a result of Sequestration, CSP reduced this budget item by an additional \$3.305 Million. The FY 2014 Enacted Budget restored the Sequestration reduction. CSP did not reprogram or transfer resources from our FY 2014 offender Treatment, Halfway Back Sanctions and Transitional Housing budget; all appropriated funds were used for these programs.

Please let me know if you need additional information.

Sincerely,



Paul Girardo

Chief Financial Officer



PRETRIAL SERVICES AGENCY *for the* DISTRICT OF COLUMBIA
OFFICE OF FINANCE AND ADMINISTRATION

January 6, 2015

The Honorable Michael Botticelli
Acting Director
Office of National Drug Control Policy
Executive Office of the President
Washington, DC 20503

Dear Mr. Botticelli:

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular *Accounting of Drug Control Funding and Performance Summary*, I make the following assertions regarding the annual accounting of drug control resources and the Performance Summary Report for the Court Services and Offender Supervision Agency (CSOSA), Pretrial Services Agency for the District of Columbia (PSA) for fiscal year 2014. Full compliance with this Circular constitutes an unreasonable reporting burden for PSA.

PSA is an independent agency within CSOSA and is one of two programs (Decision Units) within the CSOSA appropriation.

PSA assists judicial officers in both the Superior Court of the District of Columbia and the United States District Court for the District of Columbia by conducting a risk assessment for every arrested person who will be presented in court and formulating release or detention recommendations based upon the arrestee's demographic information, criminal history, and substance use and/or mental health information. For defendants who are placed on conditional release pending trial, PSA provides supervision and treatment services that reasonably assure that they return to court and do not engage in criminal activity pending their trial and/or sentencing. The result is that, in the District of Columbia (D.C. or District), unnecessary pretrial detention is minimized, jail crowding is reduced, public safety is increased and, most significantly, the pretrial release process is administered fairly.

DETAILED ACCOUNTING SUBMISSION

Table of Prior Year Drug Control Obligations

PSA has two program areas related to its drug control mission - drug testing and substance use disorder¹ treatment. PSA's Drug Testing and Compliance Unit (DTCU) is responsible for the collection of urine and oral fluid samples and the Office of Forensic Toxicology Services (OFTS) provides forensic toxicology drug testing and analysis. Treatment services are provided by, or coordinated through PSA's Treatment Program.

¹American Psychiatric Association. (2013). *Diagnostic and Statistical Manual of Mental Disorders (DSM-5)*. Substance use disorder in DSM-5 combines DSM-IV categories of substance abuse and substance dependence into a single disorder measured on a continuum from mild to severe. www.dsm5.org.

The CSOSA appropriation does not have specific line items or programs for drug control activities. PSA's drug testing and treatment activities correlate with ONDCP's prevention and treatment drug control functions, respectively. The following table highlights the FY 2014 drug control budgetary resources by drug control function.

	FY 2014 Actuals (in millions)
Drug Resources by Drug Control Function	
Prevention	\$10.884
Treatment	\$5.739
Total Drug Resources by Function	\$16.623
Drug Resources Personnel Summary	
Total FTEs (direct only)	113

Substance use disorders must be addressed to mitigate risk to public safety in the District of Columbia and to the personal safety of the defendants. Drug testing provides vital data used to form judiciary release decisions and PSA supervision approaches. Additionally, drug use testing assists in monitoring compliance with court-ordered release conditions, preventing drug use, measuring the success of substance use disorder treatment, and predicting future criminality.

PSA's Treatment Program includes the Superior Court Drug Intervention Program (Drug Court), the D.C. Misdemeanor and Traffic Initiative (DCMTI), the Specialized Supervision Unit (SSU), the Sanction Based Treatment Track (SBTT) and the Social Services and Assessment Center (SSAC). PSA's specialized treatment and supervision units offer defendants access to various levels of care, modalities, and interventions. Each unit provides centralized case management for defendants, with Drug Court also providing direct treatment services. This organizational structure facilitates specialized supervision practices and consistent responses to positive and problem behaviors, which lead to better interim outcomes for defendants.

PSA responds to drug use by referring defendants to appropriate internal or external treatment services. For certain categories of defendants, PSA provides both close supervision and in-house treatment. For others, PSA refers and places defendants in sanction-based residential treatment via contract-funded providers while continuing to provide supervision. If sanction-based treatment is not available or is not ordered by the Court, PSA provides supervision and refers defendants to community-based providers, as available. Community services are limited, however, and are not optimal for higher risk defendants who require close monitoring.

Drug Methodology

The major cost elements for the drug testing program include labor expenses for DTCU and OFTS staff, recurring expenses for reagents and other laboratory supplies and materials, rent expenses for the OFTS, and the purchase and maintenance of lab equipment. Other overhead and agency administrative expenses are not included. PSA provides drug testing services for other Federal and non-Federal agencies on a limited reimbursable basis. Revenues from other agencies are netted against gross costs. The major cost elements for the Treatment Program include direct labor expenses and contracted drug treatment services.

The basis for allocating PSA's budgetary resources is derived from PSA's Strategic Plan framework reported in the performance budget. PSA drug control resources are allocated based on percentage of time spent performing activities associated with the following PSA Strategic Goals:

Strategic Goal 1 – Help judicial officers make informed release and detention decisions throughout the pretrial period. PSA promotes informed and effective release determinations by formulating and recommending the least restrictive release conditions to reasonably assure that the defendant will appear for scheduled court dates and not pose a threat to any person or to the community while on release.

Strategic Goal 2 – Supervise defendants to support court appearance and enhance public safety. PSA effectively monitors or supervises pretrial defendants—consistent with the court-ordered release conditions—to promote court appearance and public safety.

Strategic Goal 3 – Integrate treatment and pro-social interventions into supervision to support court appearance and enhance public safety. PSA provides or makes referrals to effective substance use disorder, mental health, and social services that will assist in reasonably assuring that defendants return to court and do not pose a danger to the community.

Material Weaknesses or Other Findings

CSOSA received an “unmodified” (clean) opinion on the FY 2014 consolidated financial statements. The independent auditing firm KPMG found no significant issues or material weaknesses, and verified that PSA's financial records accurately reflected the financial condition of the Agency.

Assertions

The obligations reported are the actual obligations from the Agency's accounting system of record consistent with the methodology discussed above.

The drug methodology used to calculate FY 2014 obligations is reasonable and accurate.

PERFORMANCE SUMMARY REPORT

Performance Reporting

Drug use is a proven contributor to pretrial misconduct. For example, in FY 2014, the rearrest rate for drug-using defendants was double those of non-users (16% vs. 8%). Defendants with substance use disorders pose even greater risk of criminality. Targeting drug-use reduction has been a successful strategy in minimizing risk within this population.

DEPARTMENT OF DEFENSE

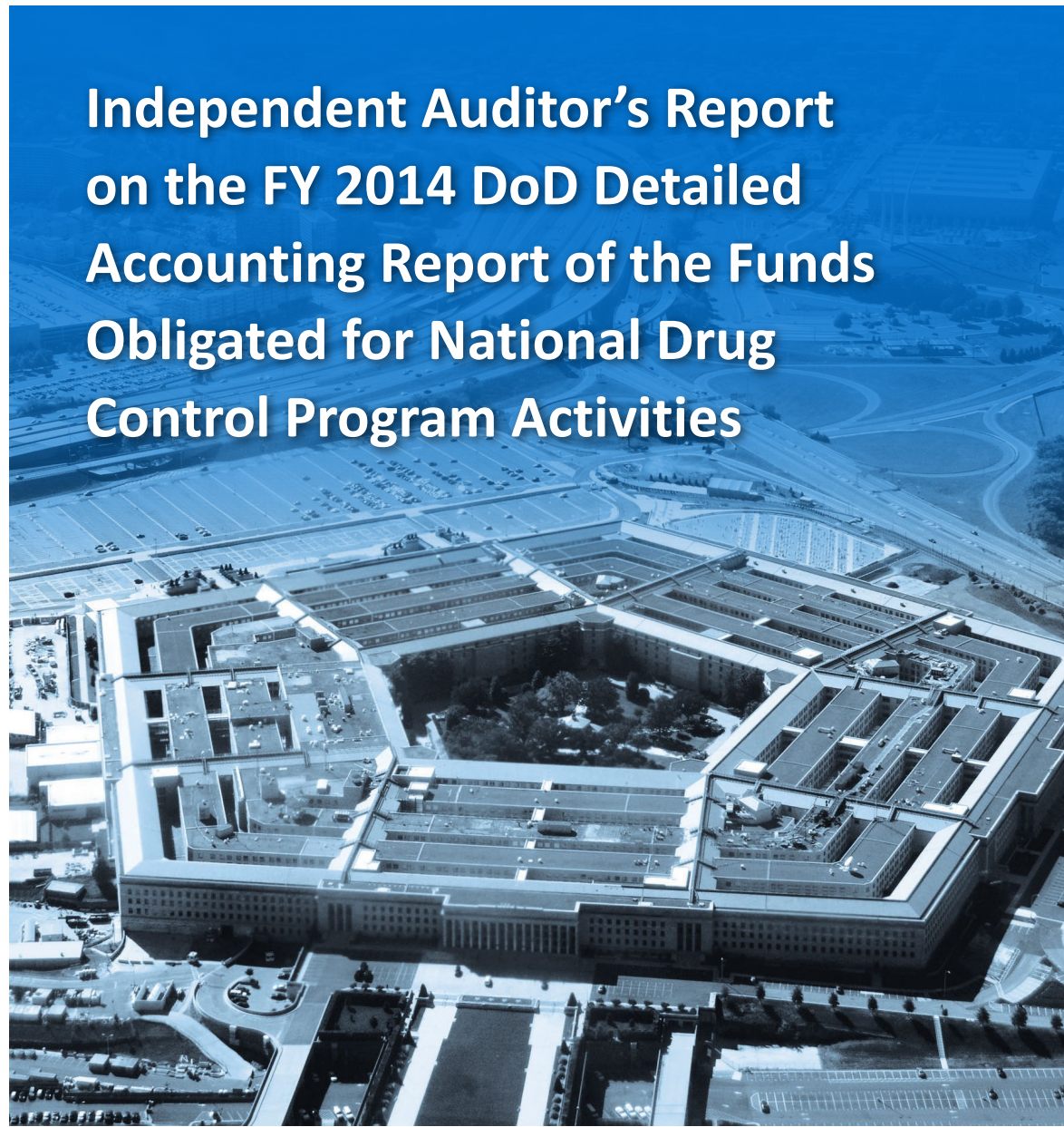




INSPECTOR GENERAL

U.S. Department of Defense

JANUARY 30, 2015



Independent Auditor's Report on the FY 2014 DoD Detailed Accounting Report of the Funds Obligated for National Drug Control Program Activities

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Mission

Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.

Vision

Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.



For more information about whistleblower protection, please see the inside back cover.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

January 30, 2015

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(COUNTERNARCOTICS AND GLOBAL THREATS)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Independent Auditor's Report on the FY 2014 DoD Detailed Accounting
Report of the Funds Obligated for National Drug Control Program Activities
(Report No. DODIG-2015-073)

Public Law 105-277, Title VII, "Office of National Drug Control Policy Reauthorization Act of 1998" (the Act), October 21, 1998, requires that DoD annually submit a detailed report (the Report) to the Director, Office of National Drug Control Policy (ONDCP), accounting for all funds DoD expended for National Drug Control Program activities during the previous fiscal year. The Act requires that the DoD Inspector General authenticate the Report before its submission to the ONDCP Director (section 1704(d), title 21, United States Code).

The "ONDCP Circular: Accounting of Drug Control Funding and Performance Summary," January 18, 2013, (the Circular) provides the policies and procedures DoD must use to prepare the Report and authenticate the DoD funds expended on National Drug Control Program activities. The Circular specifies that the Report must contain a table of prior-year drug control obligations, listed by functional area, and include assertions relating to the obligation data presented in the table.

The Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (DASD [CN & GT]) was responsible for the detailed accounting of funds obligated and expended by DoD for the National Drug Control Program for FY 2014.

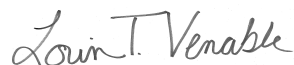
We performed this review-level attestation in accordance with attestation standards established by the American Institute of Certified Public Accountants and in compliance with generally accepted government auditing standards. Those standards require that we plan and perform the attestation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our attestation objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our attestation objective. A review-level attestation is substantially less in scope than an examination done to express an opinion on the subject matter. Accordingly, we do not express such an opinion.

We reviewed five DoD reprogramming actions that allocated \$1.41 billion among the Military Departments, National Guard, and Defense agencies. We reviewed the year-end obligation report and determined that DASD (CN & GT) allocated the funds to appropriations and project codes intended for the DoD Counterdrug Program.

In a letter dated November 24, 2014, DASD (CN & GT) provided us the Report. We reviewed it to determine its compliance with the Circular. The detailed accounting indicated that during FY 2014, DoD obligated \$1.27 billion to the Counterdrug Program functional areas. DASD (CN & GT) compiled the Report from data submitted by the Military Departments and other DoD Components. The Report is attached.

DASD (CN & GT) initially reprogrammed the funds from the Central Transfer Account to the DoD Components using project codes. The DoD Components provided year-end obligation data to DASD (CN & GT) through the DASD (CN & GT) database, which compiled the data into one obligation report. In order to present the obligations by functional area as required by the Circular, DASD (CN & GT) applied percentages to each project code in the consolidated report to compute the amounts presented in the table of obligations, instead of obtaining the information directly from the accounting systems.

Based on our review, except for DASD (CN & GT)'s use of percentages to calculate the obligations presented by functional area, nothing came to our attention during the review that caused us to believe the detailed accounting of funds obligated by DoD on the National Drug Control Program for FY 2014 was not presented fairly, in all material respects, in conformity with the Circular.



Lorin T. Venable, CPA
Assistant Inspector General
Financial Management and Reporting

Attachment:
As stated

Attachment

Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats



SPECIAL OPERATIONS/
LOW-INTENSITY CONFLICT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

2500 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2500

NOV 24 2014

Mr. Scott Chronister
Office of Performance and Budget
Office of National Drug Control Policy
750 17th Street, NW
Room 535
Washington, DC 20503

Dear Mr. Chronister:

The drug methodology used to calculate obligations by drug control function of Fiscal Year 2014 budgetary resources is reasonable and accurate. The obligation table in Tab A was generated by the methodology as reflected in Tab B. The obligations are associated with a financial plan that properly reflects all changes made during the fiscal year. The Counternarcotics Central Transfer Account does not receive Fund Control Notices.

Performance Reporting will be addressed under separate correspondence. My point of contact for this action is Ms. Silvia Serban, 703-614-8847, e-mail silvia.serban.civ@mail.mil.

Caryn C. Hollis
Deputy Assistant Secretary of Defense
Counternarcotics and Global Threats

Enclosures:
As stated

CF:
DODIG

Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (cont'd)

UNCLASSIFIED
Counternarcotics Central Transfer Account Obligations
(\$ 000)

ONDCP Resource Categories	FY-14
Intelligence: Dom Law Enforcement	4,716
Intelligence: Interdiction	39,691
Intelligence: International	88,953
Interdiction	331,615
International	474,608
Investigative	17,304
Prevention	115,768
R&D: Interdiction	780
R&D: International	268
State and Local Assistance	191,757
TOTAL	1,265,460 *

* This amount includes a 0.97% obligation rate for MILPERS and a 0.91% obligation rate for O&M. Investment appropriations, which are multi-year, are currently obligated at 0.40%.

DRUG RESOURCES PERSONNEL SUMMARY

Total FTEs 1.678

UNCLASSIFIED
1

Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (cont'd)

DRUG METHODOLOGY

Central Transfer Account

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

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

The reprogramming process begins with reprogramming documents (DD1415-3 and DD1105) prepared by the Office of the Deputy Assistant Secretary of Defense for Counternarcotics & Global Threats and forwarded to DoD Comptroller. Funds are reprogrammed to the applicable appropriation/budget activity at the Service/Defense Agency by project (e.g., Navy's Fleet Support, Tethered Aerostat System, ROTH). The internal reprogramming (IR) action requires no congressional notification/approval.

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

- The Army Budget Office receives obligation data from the General Funds Enterprise & Business System (GFEBS) where is tracked on a daily and monthly basis.
- The Air Force uses the USAF General Accounting & Finance System (GAFS) and the Commanders Resources Integration System (CRIS) to track obligations. Both of these systems are utilized for Counternarcotics obligations and commitments. These systems Interface directly with the DFAS.
- The Navy uses the Standard Accounting and Reporting System, Field Level (STARSFL) and the Marine Corps uses the Standard Accounting Budgeting and Reporting System (SABRS) which provide the means of tracking allocated counternarcotics funds through the life cycle of the appropriation at the activity/field level. Navy counternarcotics funding is recorded under separate cost centers and sub-cost centers, with a line of accounting consisting of subhead, project units and cost codes specifically for counternarcotics obligation tracking.
- The Army and Air National Guard employs a central accounting service from the DFAS to consolidate, aggregate, and report on funds as they are committed, obligated, and expended. The Army State and Federal Program Accounting Codes and the Air Accounting Codes provide funds-tracking mechanisms to reconcile funding at various levels of reporting and execution. The funds are tracked by General Funds Enterprise & Business System (GFEBS).
- The Army and Air National Guard employs multiple systems to ensure accuracy toward consolidation, aggregation, and reporting on funds as they are committed, obligated, and expended. The Army National Guard uses the General Funds Enterprise Business System (GFEBS), Army Fund Control Orders System (AFCOS), Resource Management On-line (RM-Online), Standard Army Finance Information System (STANFINS), and Operational Data Store (ODS). The Air National Guard uses Commanders Resources Integration System (CRIS), Air Force Reserve Orders Writing System (AROWS), and FM Checkbook to initiate, and track obligations and commitments. These diverse systems provide funds-tracking mechanisms at various levels to show execution and allow reconciliation for reporting purposes.

Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (cont'd)

Tab B

The Services/Defense Agencies provide quarterly obligation reports by project code to the Office of the Deputy Assistant Secretary of Defense for Counternarcotics & Global Threats (CN>). Beginning in FY 2008, the collection of obligation data has been via the DASD CN> database and compiled into a single counternarcotics obligation report. The obligation and expenditure data provided by the Services/Defense Agencies are compared against their total annual counternarcotics funding for each appropriation. At the end of the year, the Services/Defense Agencies provide an end of year data which reflects their actual obligations, not an estimation.

The quarterly obligation data collected is by project code, not down to the drug control function. In order to comply with ONDCP's circular and provide obligation data by function, it was necessary to use percentages for each project code.

Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD Hotline Director. For more information on your rights and remedies against retaliation, visit www.dodig.mil/programs/whistleblower.

For more information about DoD IG reports or activities, please contact us:

Congressional Liaison

congressional@dodig.mil; 703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

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Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098



DEPARTMENT OF EDUCATION





UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF PLANNING, EVALUATION AND POLICY DEVELOPMENT

January 30, 2015

Michael Botticelli
Acting Director
Office of National Drug Control Policy
Executive Office of the President
Washington, D.C. 20500

Dear Mr. Botticelli:

In accordance with section 705(d) of the Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998 (21 U.S.C. 1704(d)), enclosed please find a detailed accounting of all fiscal year 2014 Department of Education drug control funds, along with the Department of Education Assistant Inspector General's authentication of this accounting, consistent with the instructions in ONDCP Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

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

Sincerely,

A handwritten signature in black ink that reads "Thomas P. Skelly".

Thomas P. Skelly
Director, Budget Service

Enclosure # 1: *Department of Education Detailed Accounting of Fiscal Year 2014 Drug Control Funds*, dated January 26, 2015

Enclosure # 2: Authentication letter and report from Patrick J. Howard, Assistant Inspector General for Audit, dated January 29, 2015

cc: Patrick J. Howard

DEPARTMENT OF EDUCATION



DETAILED ACCOUNTING OF FISCAL YEAR 2014 DRUG CONTROL FUNDS

IN SUPPORT OF THE
NATIONAL DRUG CONTROL STRATEGY
AS REQUIRED BY SECTION 705(d) OF THE OFFICE OF NATIONAL
DRUG CONTROL POLICY REAUTHORIZATION ACT OF 1998
(21 U.S.C. 1704(d))

JANUARY 26, 2015

DEPARTMENT OF EDUCATION
DETAILED ACCOUNTING OF FISCAL YEAR 2014 DRUG CONTROL FUNDS

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF PLANNING, EVALUATION AND POLICY DEVELOPMENT

JAN 26 2015

Ms. Kathleen Tighe
Inspector General
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202-1510

Dear Ms. Tighe:

As required by section 705(d) of the Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998 (21 U.S.C. 1704(d)), enclosed please find a detailed accounting of all fiscal year 2014 Department of Education drug control funds for your authentication, in accordance with the guidelines in ONDCP Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

Consistent with the instructions in the ONDCP Circular, please provide your authentication to me in writing, and I will transmit it to ONDCP along with the enclosed accounting of funds. As you know, ONDCP requests these documents by February 1, 2015, if possible. Please do not hesitate to contact me if you have any questions about the enclosed information.

Sincerely,

A handwritten signature in black ink that reads "Thomas P. Skelly".

Thomas P. Skelly
Director, Budget Service

TABLE OF PRIOR-YEAR DRUG CONTROL OBLIGATIONS

Fiscal Year 2014 Obligations
(in \$ millions)

Drug Resources by Function

Prevention	\$51.476
Total	51.476

Drug Resources by Decision Unit

Safe and Drug-Free Schools and Communities Program	
SDFSC National Programs	\$51.476
Total	51.476

PROGRAM DESCRIPTION

The programs funded under the Safe and Drug-Free Schools and Communities (SDFSC) Act comprise the only Department of Education programs included in the national drug control budget in fiscal year 2014. The SDFSC program provides funding for drug prevention programs and activities that support the *National Drug Control Strategy*, in addition to efforts designed to prevent school violence. Under the SDFSC Act, funds are authorized to be appropriated for State Grants and for National Programs. However, no SDFSC State Grant funds have been appropriated to, or obligated by, the Department since fiscal year 2010. Accordingly, the entirety of this drug control accounting report for fiscal year 2014 corresponds to SDFSC National Programs funds.

SDFSC National Programs

SDFSC National Programs authorizes funding for several programs and activities to help promote safe and drug-free learning environments for students and address the needs of troubled or at-risk youth. In fiscal year 2014 the Department obligated all SDFSC National Programs funds under SDFSC Federal Activities, which is a broad discretionary authority that permits the Secretary to carry out a wide variety of activities designed to prevent the illegal use of drugs and violence among, and promote safety and discipline for, students. Within Federal Activities, SDFSC National Programs authorizes, in addition to activities that include drug prevention: (1) Project SERV (School Emergency Response to Violence), which is a crisis response program that provides education-related services to LEAs and institutions of higher education (IHEs) in which the learning environment has been disrupted due to a violent or traumatic crisis; (2) Project Prevent, a new initiative of grants to LEAs begun in FY 2014 to help schools in communities with pervasive violence break the cycle of violence; and (3) School Emergency Management Activities, such as the Readiness and Emergency Management for Schools Technical Assistance Center, which supports schools, school districts, and IHEs in the development of high-quality emergency operations plans and comprehensive emergency management planning efforts. Although the Department obligated funds for all three of these activities in fiscal year 2014, as explained in the discussion of drug budget methodology below, funds for these three components of SDFSC National Programs are not included in the ONDCP drug budget and, therefore, they are not included in this obligations report.

DISCLOSURES

Drug Methodology

This accounting submission includes all fiscal year 2014 obligations of funds under the Safe and Drug-Free Schools and Communities (SDFSC) Act, with the exception of those SDFSC National Programs that have no clear drug control nexus. Accordingly, the amounts in the enclosed table of prior-year drug control obligations include all funding for SDFSC National Programs, with the exclusion of obligations of funds for (1) Project SERV; (2) Project Prevent; and (3) School Emergency Management Activities.

Obligations by Drug Control Function

All obligations of funds for the SDFSC program shown in the table on page 2 of this report fall under the ONDCP drug control function category of prevention — the same functional category under which the budgetary resources for the SDFSC program are displayed for the Department of Education in the annual *National Drug Control Budget and Performance Summary* issued by ONDCP that accompanies the President's budget and the *National Drug Control Strategy*.

Obligations by Budget Decision Unit

All obligations of drug control funds in the table on page 2 of this report are displayed using the SDFSC program as the budget decision unit — the same decision unit under which the 2014 budgetary resources for the Department of Education are displayed by ONDCP in the *FY 2015 Budget and Performance Summary* that accompanied the 2015 President's budget in support of the *National Drug Control Strategy*.

Methodology Modifications

The Department does not have any drug control budget methodological modifications to disclose.

Material Weaknesses or Other Findings

The Department does not have any material weaknesses to disclose that affect the presentation of fiscal year 2014 drug-related obligations in this report. All other known weaknesses that affect the presentation of drug-related obligations in this report are explained in the disclosures below.

Reprogrammings or Transfers

There were no reprogrammings or transfers of drug-related budgetary resources in the Department of Education in fiscal year 2014.

Other Disclosures

The Department acknowledges the following limitation in the methodology described above for deriving the obligations of fiscal year 2014 drug control funds attributable to the SDFSC program: Although the budgetary resources in this report include 100 percent of obligations for SDFSC Federal Activities (exclusive of Project SERV, Project Prevent, and School Emergency Management Activities), not all obligations of funds included in the resource summary of this

report support drug prevention activities — some of these funds support violence prevention and school safety activities that have no drug control-related nexus.

ASSERTIONS

Obligations by Decision Unit

The fiscal year 2014 obligations of drug control funds shown in this report for the SDFSC drug budget decision unit are the actual 2014 obligations of funds from the Department's accounting system of record for the SDFSC program.

Drug Methodology

The methodology used to calculate the fiscal year 2014 obligations of drug prevention funds presented in this report is reasonable and accurate, because: (1) the methodology captures all of the obligations of funds under the SDFSC program that reasonably have a drug control-related nexus, and (2) these obligations of funds correspond directly to the display of resources for the SDFSC program in the Department's budget justifications to Congress that accompany the President's budget.

Data

No workload or other statistical information was applied in the methodology used to generate the fiscal year 2014 obligations of drug control funds presented in the table on page 2 of this report.

Other Estimation Methods

Where assumptions based on professional judgment were used as part of the drug methodology, the association between these assumptions and the drug control obligations being estimated is thoroughly explained and documented in the drug methodology disclosure on page 3 and in the other disclosures on page 4 of this accounting report.

Financial Systems

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

Application of Drug Methodology

The methodology disclosed in the narrative of this report was the actual methodology used to generate the fiscal year 2014 obligations of drug control funds presented in the table on page 2.

Reprogrammings or Transfers

There were no reprogrammings or transfers of Department of Education drug control funds in fiscal year 2014. However, subsequent to ONDCP's approval of the Department's fiscal year 2014 financial plan, the Department reallocated various funds across activities within SDFSC National Programs. As a result of these reallocations the Department's drug control budgetary resources increased by \$12 million, from \$39.5 million (as estimated in the financial plan) to the final amount of \$51.5 million.

Fund Control Notices

The Director of ONDCP has never issued to the Department of Education any Fund Control Notices under 21 U.S.C. 1703(f) or the applicable ONDCP Circular, *Budget Execution*. Therefore, the required assertion that the data presented in this report accurately reflect obligations of drug control funds that comply with all such Fund Control Notices is not applicable.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

January 29, 2015

TO: Thomas P. Skelly
Director, Budget Service
Office of Planning, Evaluation and Policy Development

FROM: Patrick J. Howard /s/
Assistant Inspector General for Audit

SUBJECT: Office of Inspector General's Independent Report on the U.S. Department of Education's *Detailed Accounting of Fiscal Year 2014 Drug Control Funds*, dated January 26, 2015

Attached is our authentication of management's assertions contained in the U.S. Department of Education's *Detailed Accounting of Fiscal Year 2014 Drug Control Funds*, dated January 26, 2015, as required by section 705(d) of the Office of National Drug Control Policy Reauthorization Act of 1998 (21 U.S.C. § 1704(d)).

Our authentication was conducted in accordance with the guidelines stated in the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

If you have any questions or wish to discuss the contents of this authentication, please contact Michele Weaver-Dugan, Director, Operations Internal Audit Team, at (202) 245-6941.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

Office of Inspector General's Independent Report on the U.S. Department of Education's
Detailed Accounting of Fiscal Year 2014 Drug Control Funds, dated January 26, 2015

We have reviewed management's assertions contained in the accompanying *Detailed Accounting of Fiscal Year 2014 Drug Control Funds*, dated January 26, 2015 (Accounting). The U.S. Department of Education's management is responsible for the Accounting and the assertions contained therein.

Our review was conducted in accordance with generally accepted government auditing standards for attestation review engagements. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

We performed review procedures on the "Table of Prior Year Drug Control Obligations," "Disclosures," and "Assertions" contained in the accompanying Accounting. We did not review the "Program Descriptions" contained in the accompanying Accounting. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our review engagement.

Based on our review, nothing came to our attention that caused us to believe that management's assertions, contained in the accompanying Accounting, are not fairly stated in all material respects, based upon the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

Patrick J. Howard /s/
Assistant Inspector General for Audit

DEPARTMENT OF HEALTH AND HUMAN SERVICES





DEPARTMENT OF HEALTH & HUMAN SERVICES

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

MEMORANDUM TO: Michael Botticelli
Acting Director
Office of National Drug Control Policy

THROUGH: Sheila Conley
Deputy Assistant Secretary of Finance
Department of Health and Human Services

FROM: Amanda Barlow *William O'Rourke Bar Amanda BARLOW*
Acting Director
Office of Legislative Affairs and Budget

SUBJECT: Administration for Children and Families Detailed Accounting
Submission for Fiscal Year 2014

In accordance with the Office of National Drug Control Policy Circular: Accounting of Drug Control Funding and Performance Summary issued January 18, 2013, the Administration for Children and Families (ACF) Fiscal Year 2014 Drug Control Obligation Summary is enclosed. Since ACF's obligations for drug-related activities fall below the reporting threshold of \$50 million, we attest that full compliance with the ONDCP Circular would constitute an unreasonable reporting burden.

**Department of Health and Human Services
Administration for Children and Families
Detailed Accounting Submission**

Within the Promoting Safe and Stable Families program, the Regional Partnership Grants are competitive grants for regional organizational partnerships to provide services and activities to children and families impacted by a parent's or caretaker's substance abuse.

Resource Summary	FY 2014 Obligations (\$ in millions)
Drug Resources by Function	
Regional Partnership Grants	\$19.0
Total, Drug Resources by Function	\$19.0
Drug Resources by Decision Unit	
Administration for Children Youth and Families	\$19.0
Total, Drug Resources by Decision Unit	\$19.0

1. Methodology: The Administration for Children and Families is unable to estimate the total costs of substance abuse services from the total funding amount of \$19 million provided to the Regional Partnership grantees.
2. Methodology Modification: None.
3. Material Weaknesses or Other Findings: None.
4. Reprogrammings or Transfers: None.
5. Other Disclosures: None.



DEPARTMENT OF HEALTH & HUMAN SERVICES

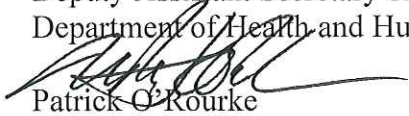
Health Resources and Services
Administration

Rockville MD 20857

DEC 02 2014

MEMORANDUM TO: Director
Office of National Drug Control Policy

THROUGH: Sheila Conley
Deputy Assistant Secretary of Finance
Department of Health and Human Services

FROM: 
Patrick O'Rourke
Chief Financial Officer
Office of Financial Policy and Controls

SUBJECT: Health Resources and Services Administration Drug Control
Accounting for Fiscal Year 2014

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued January 18, 2013, the Health Resources and Services Administration's (HRSA) Fiscal Year 2014 Drug Control Obligation Summary is enclosed. Since HRSA's obligations for drug-related activities fall below the reporting threshold of \$50 million, we attest that full compliance with the ONDCP Circular would constitute an unreasonable reporting burden.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Health Resources and Services Administration

Resource Summary	Dollars in Millions
	FY 2014 Obligated
Drug Resources by Function	
Prevention	\$4.0
Treatment	\$16.0
Total Drug Resources by Function	\$20.0
Drug Resources by Decision Unit	
Bureau of Primary Health Care	\$20.0
Total Drug Resources by Decision Unit	\$20.0

1. **Methodology:** The Health Center Program Uniform Data System (UDS) tracks a variety of information, including patient demographics, services provided, staffing, clinical indicators, utilization rates, costs, and revenues. UDS data are collected annually from grantees and reported at the grantee, state, and national levels. The UDS reporting provides a reasonable basis for estimating the share of the Health Center Program grant funding used for substance abuse treatment by health centers. Using the data reflected in the most current UDS at the time estimates are made (2013 UDS), total costs of substance abuse services is divided by total costs of all services to obtain a substance abuse percentage (SA%). The funding estimates in the table above were computed as described below:

FY 2014 Obligated Level: \$20.0 million

\$20.0 million SA% (.64%) x FY 2014 Health Center Program grants awarded for health center services (\$3.2 billion)

2. **Methodology Modification:** None
3. **Material Weaknesses or Other Findings:** None
4. **Reprogrammings or Transfers:** None
5. **Other Disclosures:** None



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



January 15, 2015

TO: Yvette Roubideaux, M.D., M.P.H.
Acting Director
Indian Health Service

Kenneth Cannon
Acting Chief Financial Officer
Indian Health Service

FROM: /Gloria L. Jarmon/
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: Indian Health Service Fiscal Year 2014
Detailed Accounting Submission and Performance Summary Report for National
Drug Control Activities and Accompanying Required Assertions
(A-03-15-00351)

This report provides the results of our review of the attached Indian Health Service (IHS) detailed accounting submission, which includes the table of Drug Control Obligations, related disclosures, and management's assertions for the fiscal year ended September 30, 2014. We also reviewed the Performance Summary Report, which includes management's assertions and related performance information for the fiscal year ended September 30, 2014. IHS management is responsible for, and prepared, the detailed accounting submission and Performance Summary Report to comply with the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the ONDCP Circular).

We performed this review as required by 21 U.S.C. § 1704(d)(A) and as authorized by 21 U.S.C. §1703(d)(7) and in compliance with the ONDCP Circular.

We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements 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 to express an opinion on management's assertions contained in its report. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that IHS's detailed accounting submission and Performance Summary Report for fiscal year 2014 were not fairly stated, in all material respects, based on the ONDCP Circular.

IHS's detailed accounting submission and Performance Summary Report are included as Attachments A and B.

Although this report is an unrestricted public document, the information it contains is intended solely for the information and use of Congress, ONDCP, and IHS and is not intended to be, and should not be, used by anyone other than these specified parties. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Kay L. Daly, Assistant Inspector General for Audit Services, at (202) 619-1157 or through email at Kay.Daly@oig.hhs.gov. Please refer to report number A-03-15-00351 in all correspondence.

Attachments



NOV 21 2014

Indian Health Service
Rockville MD 20852

MEMORANDUM TO: Director
Office of National Drug Control Policy

THROUGH: Sheila Conley
Deputy Assistant Secretary of Finance
Department of Health and Human Services

FROM: Kenneth Cannon
Acting Chief Financial Officer
Indian Health Service

SUBJECT: Assertions Concerning Drug Control Accounting

In accordance with the requirements of the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary*, I make the following assertions regarding the attached annual accounting of drug control funds for the Indian Health Service (IHS):

Obligations by Budget Decision Unit

I assert that obligations reported by budget decision unit are the actual obligations from the bureau's accounting system of record for these budget decision units, consistent with the drug budget methodology discussed below.

Drug Methodology

I assert that the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus was reasonable and accurate in accordance with the criteria listed in Section 6b(2) of the Circular. In accordance with these criteria, I have documented/identified data which support the drug methodology, explained and documented other estimation methods (the assumptions for which are subjected to periodic review) and determined that the financial systems supporting the drug methodology yield data that present fairly, in all material respect, aggregate obligations from which drug-related obligation estimates are derived.

The IHS methodology for estimating the drug control budget was established using the amounts appropriated for the Alcohol and Substance Abuse Prevention programs authorized under P.L. 102-573, the Indian Health Amendments of 1992. See attached table "Alcoholism and Substance Abuse Treatment and Prevention Program authorized under P.L. 102-573" for list of programs. This table reflects estimated amounts. When originally authorized and appropriated, the funds were allocated to tribes in their self-determination contract by specific programs. However, when the programs were reauthorized and captured under public law 102-573, some IHS area offices allocated the funds in lump sum while others maintained the specific program breakout. Therefore, at the current time precise amounts of funding for each program are not available. The table is maintained to estimate current funding level and is the basis of the drug budget control methodology. Excluded is the amount for the Adult Treatment programs, which represents the original authorization for IHS to provide alcohol treatment services. The focus on alcoholism treatment is the reason for the exclusion.



Page 2 – Director, Office of National Drug Control Policy

Drug Resources by Decision Unit: The IHS drug control funds are appropriated in two budget line items: 1) Alcohol and Substance Abuse and 2) Urban Indian Health Programs (UIHP). The Alcohol and Substance Abuse funds are primarily allocated to Tribes under Self-Determination contracts and compacts, where they manage the programs and have authority to reallocate funds to address local priorities. The portion of the alcohol fund included in the drug control budget methodology is as described above, i.e., the entire budget excluding the amount for adult treatment. The Urban Indian Health Program funds are allocated through contracts and grants to 501(c)(3) organizations. The portion of UIHP funds included in the drug control budget methodology is for NIAAA programs transferred to the IHS under the UIHP budget.

Drug Resources by Function: Under the methodology, two programs through FY 2007 were identified as Prevention programs, Community Education and Training and Wellness Beyond Abstinence. In FY 2008, one half of the new funds appropriated for Methamphetamine and Suicide prevention and treatment were also included in the Prevention function. The treatment function comprises the remaining program excluding adult treatment. In addition, the amount of UIHP funds is included under the treatment function.

Application of Drug Methodology

I assert that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6a of the Circular.

Reprogramming or Transfers

IHS did not reprogram or transfer any funds included in its drug control budget.

Funds Control Notices

IHS was not issued any Fund Control Notices by the Director under 21 U.S.C. 1703 (f) and Section 9 of the ONDCP circular Budget Execution, dated January 18, 2013.


Kenneth Cannon

Attachments: ¹

1. Table – Alcoholism and Substance Abuse Prevention Treatment Program Authorized Under P.L. 102-573
2. Table – FY 2014 Drug Control Obligations

¹ The first table attached to this report is necessary for understanding the IHS drug control budget methodology. The table titled “Alcoholism and Substance Abuse Treatment and Prevention Program Authorized Under P.L. 102-573” shows the Alcohol and Substance Abuse budget line item broken out by the activities authorized originally in P.L. 100-690 and later included under P.L. 102-573. This table also includes the funding within the Urban Indian Health budget line item that supports alcohol and substance abuse treatment services. However, funds are not appropriated or accounted for by these specific categories, but rather as the lump sum funds of Alcohol and Substance Abuse and Urban Health. The second table shows the obligations of these funds as required by the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary*.

<u>Amount of Funds</u>	<u>FY 2010 Enacted</u>	<u>FY 2011 Enacted</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Enacted</u>	<u>FY 2014 Enacted</u>	<u>Drug Control & Moyer Reports</u>
ALCOHOL & SUBSTANCE ABUSE						
Adult Treatment.....	\$102,748	\$102,781	\$102,731	\$97,926	\$98,633	Excluded*
Regional Treatment Centers	\$21,226	\$21,226	\$21,215	\$20,223	\$20,369	Treatment
Community Education & Training.....	\$9,544	\$9,544	\$9,540	\$9,094	\$9,159	Prevention
Community Rehabilitation/ Aftercare.....	\$31,003	\$31,003	\$30,988	\$29,539	\$29,752	Treatment
Gila River.....	\$237	\$237	\$237	\$226	\$228	Treatment
Contract Health Service.....	\$10,914	\$10,914	\$10,909	\$10,398	\$10,473	Treatment
Navajo Rehab. Program....	\$420	\$420	\$420	\$400	\$403	Treatment
Urban Clinical Services.....	\$895	\$895	\$894	\$852	\$859	Treatment
Wellness Beyond Abstinence.....	\$1,031	\$1,031	\$1,031	\$982	\$989	Prevention
Meth Prev & Treatment.....	\$16,391	\$16,358	\$16,332	\$15,513	\$15,513	50/50 Tx & Prev
Total.....	\$194,409 #	\$194,409	\$194,297	\$185,154	\$186,378	
URBAN HEALTH PROGRAM 1/						
<u>Amount of Funds</u>	<u>FY 2010 Approp</u>	<u>FY 2011 Enacted</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Enacted</u>	<u>FY 2014 Enacted</u>	
Expand Urban Programs....	\$4,239	\$4,403	\$4,403	\$4,403	\$4,492	Treatment
INDIAN HEALTH FACILITIES 2/						
<u>Amount of Funds</u>	<u>FY 2010 Approp</u>	<u>FY 2011 Enacted</u>	<u>FY 2012 Enacted</u>	<u>FY 2013 Enacted</u>	<u>FY 2014 Enacted</u>	
Construction.....	0	0	1,997	0	15,500	
Alcohol/Substance Abuse	\$194,409 #	\$194,409	\$194,297	\$185,154	\$186,378	
Urban Health Program	4,239	4,403 #	4,403	4,403	4,492	
Facilities Construction	0 #	0	1,997	0	15,500	
GRAND TOTAL.....	\$198,648 #	\$198,812	\$200,697	\$189,557	\$206,370	

1/ The Urban Program was funded under P.L. 100-690, and is now funded under P.L. 102-573.

2/ These funds are included in the Outpatient Sub-sub-activity.

*Adult Treatment funds are excluded from the ONDCP Drug Control Budget and Moyer Anti-Drug Abuse methodologies because this program reflects the original authorized program for IHS with the sole focus of alcoholism treatment services for adults. This determination was made in consultation with ONDCP when the drug control budget was initially developed in the early 1990s.

**INDIAN HEALTH SERVICE
FY 2014 Drug Control Obligations**

	Enacted	(\$000) Obligated
Drug Resources by Function		
Prevention	\$17,904	\$16,646
Treatment	\$74,332	\$72,090
Construction*	\$15,500	\$12,849
	<u>\$107,737</u>	<u>\$101,585</u>
 Drug Resources by Decision Unit		
Alcohol and Substance Abuse	\$87,745	\$84,244
Urban Indian Health Program	\$4,492	\$4,492
Facilities Construction *	\$15,500	\$12,849
	<u>\$107,737</u>	<u>\$101,585</u>

*Construction is included under ASA.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



January 15, 2015

TO: James M. Anderson, M.D., Ph.D.
Director
Division of Program Coordination, Planning, and Strategic Initiatives
National Institutes of Health

Donna Jones
Chief Financial Officer
National Institute on Drug Abuse
National Institutes of Health

Judit O'Connor
Chief Financial Officer
National Institute on Alcohol Abuse and Alcoholism
National Institutes of Health

FROM: /Gloria L. Jarmon/
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: National Institutes of Health Fiscal Year 2014 Detailed Accounting Submissions and Performance Summary Report for National Drug Control Activities and Accompanying Required Assertions (A-03-15-00352)

This report provides the results of our review of the attached National Institutes of Health (NIH) submissions as follows:

- detailed accounting submissions, which include the tables of Fiscal Year 2014 Actual Obligations, related disclosures, and management's assertions for the fiscal year ended September 30, 2014, submitted by NIH's National Institute on Drug Abuse (NIDA) and National Institute on Alcohol Abuse and Alcoholism (NIAAA), respectively, and
- Performance Summary Report for National Drug Control Activities and management's assertions for the fiscal year ended September 30, 2014, submitted by NIH for NIDA and NIAAA, collectively.

NIH management is responsible for, and prepared, the detailed accounting submissions and Performance Summary Report to comply with the Office of National Drug Control Policy

Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the ONDCP Circular).

We performed this review as required by 21 U.S.C. § 1704(d)(A) and as authorized by 21 U.S.C. §1703(d)(7) and in compliance with the ONDCP Circular.

We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements 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 to express an opinion on management's assertions contained in its report. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that NIH's detailed accounting submissions and Performance Summary Report for fiscal year 2014 were not fairly stated, in all material respects, based on the ONDCP Circular.

NIDA's and NIAAA's detailed accounting submissions and NIH's combined Performance Summary Report are included as Attachments A, B, and C, respectively.

Although this report is an unrestricted public document, the information it contains is intended solely for the information and use of Congress, ONDCP, and NIH and is not intended to be, and should not be, used by anyone other than these specified parties. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Kay L. Daly, Assistant Inspector General for Audit Services, at (202) 619-1157 or through email at Kay.Daly@oig.hhs.gov. Please refer to report number A-03-15-00352 in all correspondence.

Attachments



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

MEMORANDUM TO: Director
Office of National Drug Control Policy

THROUGH: Sheila Conley
Deputy Assistant Secretary of Finance
Department of Health and Human Services

FROM: Donna Jones *Donna M Jones 10/30/14*
Chief Financial Officer
National Institute on Drug Abuse

SUBJECT: Assertions Concerning Drug Control Accounting

In accordance with the requirements of the Office of National Drug Control Policy Circular "Accounting of Drug Control Funding and Performance Summary," I make the following assertions regarding the attached annual accounting of drug control funds:

Obligations by Budget Decision Unit

I assert that obligations reported by budget decision unit are the actual obligations from the NIH financial accounting system for this budget decision unit after using NIDA's internal system to reconcile the NIH accounting system during the year.

Drug Methodology

I assert that the drug methodology used to calculate obligations of Prior year budget resources by function for the institute was reasonable and accurate in accordance with the criteria listed in Section 6b(2) of the Circular. In accordance with these criteria, I have documented data which support the drug methodology, explained and documented other estimation methods (the assumptions for which are subject to periodic review) and determined that the financial systems supporting the drug methodology yield data that present fairly, in all material respects, aggregate obligations from which drug-related obligation estimates are derived (See Exhibit A).

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

FY 2014 actual obligations were determined by identifying NIDA support for projects that address drug prevention and treatment. Projects for inclusion in the ONDCP budget are identified from the NIDA coding system and database known as the "NEPS" system (NIDA Extramural Project System). Data are entered into this system by program staff. NIDA does not need to make any assumptions or estimates to isolate its total drug control obligations as the total appropriation is drug control.

As the supporter of more than 85% of the world's research on drug abuse and addiction, the

National Institute on Drug Abuse (NIDA) provides a strong science base for our Nation's efforts to reduce the abuse of drugs and their consequences. NIDA's comprehensive research portfolio addresses a broad range of drug abuse and addiction issues, ranging from the support of fundamental neurobiology to community-based research. As our Nation looks for science-based approaches to enhance its prevention and treatment efforts, NIDA's broad portfolio and its continuing efforts to work with other Agencies and NIH Institutes on a variety of transdisciplinary issues will provide the tools necessary to move these efforts forward. Research serves as the cornerstone of NIDA's efforts to disseminate research information and educate health professionals and the public, especially our Nation's youth, about the factors influencing drug use, its consequences, and about science-based and tested treatment and prevention techniques. These research and dissemination efforts to develop, test, and disseminate information on the basis of addiction, its consequences, and enhanced therapeutic techniques support the ONDCP Goal 3 (treatment). Efforts to enhance the science base and disseminate information on the factors that inhibit and facilitate drug use and its progression to addiction and other health consequences, and on science-based approaches for prevention interventions support the ONDCP Goal 1 (prevention).

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

The FY 2014 total of NIDA's budget from the FY 2015 Congressional Justification was \$1,015,754,000. There was a comparable transfer in the amount of \$1,411,000. There was an Secretary's Transfer in the amount of \$2,574,000. Finally, NIH returned \$3,370,161 to NIDA for the National Children's Study which brought NIDA's appropriation to \$1,017,961,161. NIDA obligated \$1,017,956,722 and \$4,439 lapsed.

Application of Methodology

I assert that the drug methodology described in the preceding section was the actual methodology used to generate the table required by Section 6a. NIDA has not modified its drug methodology from the previous year. The difference between NIDA's actual obligations and the National Drug Control Strategy Budget summary number for FY 2014 are for the same reasons described above for the FY 2014 column of the FY 2015 CJ.

Reprogrammings or Transfers

I assert that the obligation data presented are associated against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million that occurred during the fiscal year. As described above, NIDA had the following adjustments to its appropriation for FY 2014: (1) Secretary's Transfer of \$2,574,000 (2) Return of National Children's Study funds of \$3,370,161.

Fund Control Notices

I assert that the obligation data presented are associated against a financial plan that complied fully with all Fund Control Notices issued by the Director under 21 U.S.C. 1703(f) and with section 9 of the ONDCP Circular *Budget Execution*, dated January 18, 2013.

**NATIONAL INSTITUTES OF HEALTH
NATIONAL INSTITUTE ON DRUG ABUSE
FY 2014 Actual Obligations
(Dollars in Thousands)**

I. RESOURCE SUMMARY

	FY 2014 Actual
Drug Resources by Decision Unit:	
National Institute on Drug Abuse	1,017,957
Total	1,017,957
Drug Resources by Function:	
Research and Development Prevention	337,438
Research and Development Treatment	680,519
Total	1,017,957

**Differences Between (1) Actual Obligations and (2) the FY 14 Column of the
FY 15 CJ and the National Drug Control Strategy Budget Summary
(Dollars in Thousands)**

Total 2014 Col. of the FY 2015 CJ; National Drug Control Strategy	1,015,754
Comparable Transfers	1,411
NCS Transfer	3,370
Secretary Transfer	-2,574
Lapse of Funds	<u>-4</u>
Total Obligations	1,017,957

Exhibit A

- (1) **Drug Methodology** – Actual obligations of prior year drug control budgetary resources are derived from the NIDA Extramural Project System (NEPS) and the NIH nVision Balance of Accounts Report.
 - (a) **Obligations by Budget Decision Unit** – NIDA’s budget decision units have been defined by ONDCP Circular, Budget Formulation, dated January 18th, 2013. NIDA reports its entire budget to ONDCP. This unit is referred to as:
 - National Institute on Drug Abuse
 - (b) **Obligations by Drug Control Function** – NIDA distributes drug control funding into two functions, prevention and treatment:
 - Research and Development Prevention
 - Research and Development Treatment
- (2) **Methodology Modifications** – none
- (3) **Material Weaknesses or Other Findings** – none
- (4) **Reprogrammings or Transfers** - The obligation data presented are associated against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP’s approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million that occurred during the fiscal year. NIDA had the following adjustments to its appropriation for FY 2014: (1) Secretary’s Transfer of \$2,574,000 (2) Return of National Children’s Study funds of \$3,370,161.
- (5) **Other Disclosures** - none

the reporting of FY 2010 actual obligations, NIAAA’s methodology for developing budget numbers uses the NIH research categorization and disease coding (RCDC) fingerprint for underage drinking that allows for an automated categorization process based on electronic text mining to make this determination. Once all underage drinking projects and associated amounts are determined using this methodology, NIAAA conducts a manual review and identifies just those projects and amounts relating to prevention and treatment. Contract expenditures supporting underage prevention activities are also included. This subset makes up the NIAAA ONDCP drug control budget. Prior to FY 2010, there was no validated fingerprint for underage drinking, and the NIAAA methodology was completely dependent upon a manual review by program officers.

Application of Methodology

I assert that the drug methodology described in this section was the actual methodology used to generate the table required by Section 6a of the Circular.

Reprogramming or Transfers

I assert that NIAAA did not reprogram or transfer any funds included in its drug control budget.

Fund Control Notices

I assert that the obligation data presented are associated against a financial plan that complied fully with all Fund Control Notices issued by the Director under 21 U.S.C. 1703(f) and with ONDCP Circular *Budget Execution*, dated January 18, 2013.

**NATIONAL INSTITUTES OF HEALTH
NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM
FY 2014 ACTUAL OBLIGATIONS
(Dollars in Thousands)**

	FY 2014 Actual
Drug Resources by Decision Unit:	
National Institute on Alcohol Abuse and Alcoholism	\$59,350
Total Drug Resources by Decision Unit	\$59,350
Drug Resources by Function:	
Research and Development: Prevention	\$54,182
Research and Development: Treatment	\$5,168
Total Drug Resources by Function	\$59,530

ATTACHMENT

Exhibit A

- (1) **Drug Methodology** – Actual obligations of prior year drug control budgetary resources are derived from the NIH research categorization and disease coding (RCDC) fingerprint for underage drinking and a manual review to identify projects related to prevention and treatment.
 - (a) **Obligations by Budget Decision Unit** – NIAAA’s budget decision units have been defined by ONDCP Circular, Budget Formulation, dated January 18th, 2013. NIAAA reports only a portion of the budget dedicated to treatment and prevention to ONDCP. This unit is referred to as:
 - National Institute on Alcohol Abuse and Alcoholism
 - (b) **Obligations by Drug Control Function** – NIAAA distributes drug control funding into two functions, prevention and treatment:
 - Research and Development Prevention
 - Research and Development Treatment
- (2) **Methodology Modifications** – none
- (3) **Material Weaknesses or Other Findings** – none
- (4) **Reprogrammings or Transfers** - none
- (5) **Other Disclosures** - none



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



January 15, 2015

TO: Dan Spears
Acting Chief Financial Officer
Substance Abuse and Mental Health Services Administration

FROM: /Gloria L. Jarmon/
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: Substance Abuse and Mental Health Services Administration Fiscal Year 2014 Detailed Accounting Submission and Performance Summary Report for National Drug Control Activities and Accompanying Required Assertions (A-03-15-00353)

This report provides the results of our review of the attached Substance Abuse and Mental Health Services Administration (SAMHSA) detailed accounting submission, which includes the Table of Prior Year Drug Control Obligations, related disclosures, and management's assertions for the fiscal year ended September 30, 2014. We also reviewed the Performance Summary Report, which includes management's assertions and related performance information for the fiscal year ended September 30, 2014. SAMHSA management is responsible for, and prepared, the detailed accounting submission and Performance Summary Report to comply with the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the ONDCP Circular).

We performed this review as required by 21 U.S.C. § 1704(d)(A) and as authorized by 21 U.S.C. §1703(d)(7) and in compliance with the ONDCP Circular.

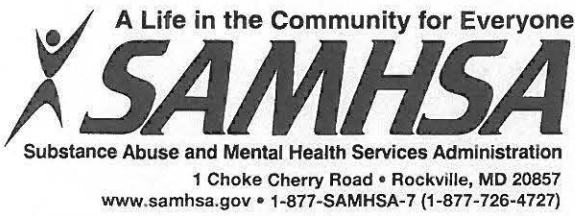
We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is to express an opinion on management's assertions contained in its report. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that SAMHSA's detailed accounting submission and Performance Summary Report for fiscal year 2014 were not fairly stated, in all material respects, based on the ONDCP Circular.

SAMHSA's detailed accounting submission and Performance Summary Report are included as Attachments A and B.

Although this report is an unrestricted public document, the information it contains is intended solely for the information and use of Congress, ONDCP, and SAMHSA and is not intended to be, and should not be, used by anyone other than these specified parties. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Kay L. Daly, Assistant Inspector General for Audit Services, at (202) 619-1157 or through email at Kay.Daly@oig.hhs.gov. Please refer to report number A-03-15-00353 in all correspondence.

Attachments



To: Director
Office of National Drug Control Policy

Through: Deputy Assistant Secretary for Finance
Department of Health and Human Services

From: Acting Chief Financial Officer
Substance Abuse and Mental Health Services Administration

Subject: Assertions Concerning Drug Control Accounting

NOV 7 2014

In accordance with the requirements of the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18th, 2013, I make the following assertions regarding the attached annual accounting of drug control funds:

Obligations by Budget Decision Unit

I assert that obligations reported by budget decision unit are the actual obligations from SAMHSA's accounting system of record for these budget decision units.

Drug Methodology

I assert that the drug methodology used to calculate obligations of prior year budgetary resources by function for SAMHSA was reasonable and accurate in accordance with the criteria listed in Section 6b(2) of the Circular. In accordance with these criteria, I have documented/identified data which support the drug methodology, explained and documented other estimation methods (the assumptions for which are subjected to periodic review) and determined that the financial systems supporting the drug methodology yield data that present fairly, in all material respects, aggregate obligations from which drug-related obligation estimates are derived. (See Exhibit A)

Application of Drug Methodology

I assert that the drug methodology disclosed in Exhibit A was the actual methodology used to generate the table required by Section 6a.

Reprogrammings or Transfers

I assert that the data presented are associated with obligations against a financial plan that was revised during the fiscal year to include funds received from ONDCP in support of the Drug

Page 2 - Director, Office of National Drug Control Policy

Free Communities Program. SAMHSA received a total of \$90,109,177 from ONDCP via Interagency Agreements to fund activities of the Drug Free Communities Program in FY 2014. SAMHSA had no reportable reprogrammings or transfers in FY 2014.

Fund Control Notices

I assert that the data presented are associated with obligations against SAMHSA's financial plan which complied fully with all ONDCP Budget Circulars.

A handwritten signature in black ink that reads "Dan Spears". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

Dan Spears
Acting Chief Financial Officer

Attachments:

Table of Prior Year Drug Control Obligations, FY 2014
Exhibit A - Drug Control Methodology

**SUBSTANCE ABUSE AND MENTAL HEALTH
SERVICES ADMINISTRATION**

**Table of Prior Year Drug Control Obligations
FY 2014
(Dollars in millions)**

Drug Resources by Decision Unit and Function

Substance Abuse Prevention Programs of Regional and National Significance	
<i>Prevention</i> ^{1/}	175.2
Total, Substance Abuse Prevention Programs of Regional and National Significance	\$175.2
Substance Abuse Treatment Programs of Regional and National Significance	
<i>Treatment</i> ^{1/}	362.9
Total, Substance Abuse Treatment Programs of Regional and National Significance	\$362.9
Substance Abuse Prevention and Treatment Block Grant	
<i>Prevention</i> ^{2/}	363.0
<i>Treatment</i> ^{2/}	1,452.1
Total, Substance Abuse Prevention and Treatment Block Grant	\$1,815.1
Health Surveillance and Program Support	
<i>Prevention (Non-add)</i> ^{3/}	22.9
<i>Treatment (Non-add)</i> ^{3/}	91.5
Total, Health Surveillance and Program Support	\$114.4
 Total Funding	 \$2,467.6
Drug Resources Personnel Summary	
<i>Total FTEs (direct only)</i>	619
Drug Resources as a Percent of Budget	
<i>Total Agency Budget</i> ^{4/} (in billions)	\$3.6
<i>Drug Resources Percentage</i>	68.2%
 Drug Free Communities Program ^{5/}	\$90.1
 Total with Drug Free Communities	 \$2,557.7

Footnotes:

^{1/} PRNS obligations reflect direct obligations against SAMHSA budget authority. Reimbursable obligations are not included, as these funds would be reflected in the obligations of the agency providing the reimbursable funds to SAMHSA. Substance Abuse Treatment PRNS obligations include funds provided to SAMHSA from the PHS evaluation fund.

^{2/} SAPT Block Grant obligations include funds provided to SAMHSA from the PHS evaluation fund.

^{3/} HSPS obligations reflect direct obligations against SAMHSA budget authority. Reimbursable obligations are not included, as these funds would be reflected in the obligations of the agency providing the reimbursable funds to SAMHSA. HSPS obligations include funds provided to SAMHSA from the PHS evaluation fund.

^{4/} Total Agency Budget does not include Drug Free Communities Program funding.

^{5/} Drug Free Communities Program funding was provided to SAMHSA/CSAP via Interagency Agreements.

TOTALS MAY NOT ADD DUE TO ROUNDING

Exhibit A

(1) Drug Methodology - Actual obligations of prior year drug control budgetary resources are derived from the SAMHSA Unified Financial Management System (UFMS), PSC Status of Funds by Allotment and Allowance Report.

(a) Obligations by Budget Decision Unit - SAMHSA's budget decision units have been defined by ONDCP Circular, *Budget Formulation*, dated January 18th, 2013. These units are:

- Programs of Regional and National Significance (PRNS) - Prevention (CSAP);
- Programs of Regional and National Significance (PRNS) - Treatment (CSAT);
- Substance Abuse Prevention and Treatment Block Grant (SAPTBG) – (CSAT/CSAP); and
- Health Surveillance and Program Support¹ - SAMHSA.

In addition to the above, the Drug Free Communities Program funds provided by ONDCP through Interagency Agreements with SAMHSA are included as a separate line item on the Table of Prior Year Drug Control Obligations.

Included in this Drug Control Accounting report for FY 2014 are 100% of the actual obligations for these five budget decision units, minus reimbursements. Obligations against funds provided to SAMHSA from the PHS evaluation fund are included. Actual obligations of prior year drug control budgetary resources are derived from the SAMHSA Unified Financial Management System (UFMS), PSC Status of Funds by Allotment and Allowance Report.

(b) Obligations by Drug Control Function - SAMHSA distributes drug control funding into two functions, prevention and treatment:

Prevention: This total reflects the sum of the actual obligations for:

- CSAP's Programs of Regional and National Significance (PRNS) direct funds, excluding reimbursable authority obligations;
- 20% of the actual obligations of the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) funds, including obligations related to receipt of PHS evaluation funds;
- Drug Free Community Program funds provided by Interagency Agreements with ONDCP²; and,
- Of the portion from SAMHSA Health Surveillance and Program Support funds, including obligations related to receipt of PHS evaluation funds and Prevention and Public Health Funds, the assumptions are as follows:
 - Public Awareness and Support (PAS) funds were split 50/50 between Substance Abuse (SA) and Mental Health (MH) and 20% of the SA portion is considered Prevention;

¹ The Health Surveillance and Program Support Appropriation funded activities are split between Mental Health/ Substance Abuse as follows: Program Support, Health Surveillance and PQIS are split the same percentage split as between MH/SA appropriations. PAS and Agency-wide are split 50/50 between MH/SA. The subsequent Substance Abuse amounts are then divided into 20% for Prevention and 80% for Treatment.

² The Drug Free Community Program is considered part of Prevention, but is reflected as a separate line item on the Table of Prior Year Drug Control Obligations as it is a reimbursable funding amount and not part of direct funding.

- Performance and Quality Information Systems (PQIS) funds were split between MH and SA the same percentage split as between the MH/SA appropriations and 20% of the SA portion is considered Prevention;
- Program Support funds were split between MH and SA the same percentage split as between the MH/SA appropriations and 20% of the SA portion is considered Prevention;
- Health Surveillance funds were split between MH and SA the same percentage split as between the MH/SA appropriations and 20% of the SA portion is considered Prevention; and
- Agency Wide initiatives were split 50/50 between SA and MH and 20% of the SA portion is considered Prevention.

Treatment: This total reflects the sum of the actual obligations for:

- CSAT's Programs of Regional and National Significance (PRNS) direct funds, excluding reimbursable authority obligations, but including obligations related to receipt of PHS Evaluation funds;
 - 80% of the actual obligations of the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) funds, including obligations related to receipt of PHS Evaluation funds; and,
 - Of the portion from SAMHSA Health Surveillance and Program Support funds, including obligations related to receipt of PHS evaluation funds and Prevention and Public Health Funds, the assumptions are as follows:
 - Public Awareness and Support (PAS) funds were split 50/50 between Substance Abuse (SA) and Mental Health (MH) and 80% of the SA portion is considered Treatment;
 - Performance and Quality Information Systems (PQIS) funds were split between MH and SA the same percentage split as between the MH/SA appropriations and 80% of the SA portion is considered Treatment;
 - Program Support funds were split between MH and SA the same percentage split as between the MH/SA appropriations and 80% of the SA portion is considered Treatment;
 - Health Surveillance funds were split between MH and SA the same percentage split as between the MH/SA appropriations and 80% of the SA portion is considered Treatment; and
 - Agency Wide initiatives were split 50/50 between SA and MH and 80% of the SA portion is considered Treatment.
- (2) **Methodology Modifications** – None.
- (3) **Reprogrammings or Transfers** – SAMHSA entered into Interagency Agreements with ONDCP in the amount of \$90,109,177 to fund activities of the Drug Free Communities Program in FY 2014.
- (4) **Other Disclosures** – None.

DEPARTMENT OF HOMELAND SECURITY



OFFICE OF INSPECTOR GENERAL

Review of U.S. Customs and Border Protection's FY 2014 Detailed Accounting Submission



Homeland
Security

January 26, 2015
OIG-15-25



HIGHLIGHTS

Review of U.S. Customs and Border Protection's FY 2014 Detailed Accounting Submission

January 26, 2015

Why We Did This

The Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, requires National Drug Control Program agencies to submit to the ONDCP Director, not later than February 1 of each year, a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year. The Office of Inspector General (OIG) is required to conduct a review of the agency's submission and provide a conclusion about the reliability of each assertion in the report.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

KPMG LLP, under contract with the Department of Homeland Security OIG, issued an Independent Accountants' Report on U.S. Customs and Border Protection's (CBP) Detailed Accounting Submission. CBP management prepared the Table of fiscal year 2014 Drug Control Obligations (Table) and related disclosures to comply with the requirements of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary* (Circular), dated January 18, 2013. Some of the assumptions CBP used for computing obligations by decision units are based on surveys completed in prior years. While CBP management represented that the assumptions used continue to be valid for purposes of computing obligations presented in the Table, KPMG was unable to perform review procedures supporting that representation. Based on its review, except for matters noted above, nothing came to KPMG LLP's attention that caused it to believe that the Detailed Accounting Submission for the year ended September 30, 2014, is not presented, in all material respects, in conformity with the criteria in ONDCP's Circular. KPMG LLP did not make any recommendations as a result of its review.




OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

JAN 26 2015

TO: Eugene H. Schied
Assistant Commissioner
U.S. Customs and Border Protection

FROM: Mark Bell 
Assistant Inspector General for Audits

SUBJECT: *Review of U.S. Customs and Border Protection's FY 2014 Detailed Accounting Submission, Report Number OIG-15-25*

Attached for your information is our final report, *Review of U.S. Customs and Border Protection's FY 2014 Detailed Accounting Submission*. U.S. Customs and Border Protection's (CBP) management prepared the Table of FY 2014 Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy's circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

We contracted with the independent public accounting firm, KPMG LLP (KPMG), to review CBP's Detailed Accounting Submission. KPMG is responsible for the attached Independent Accountants' Report, dated January 20, 2015, and the conclusions expressed in it. KPMG's report contains no recommendations.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Don Bumgardner, Acting Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Accountants' Report

Inspector General
U.S. Department of Homeland Security:

We have reviewed the accompanying Detailed Accounting Submission of the U.S. Department of Homeland Security's (DHS) Customs and Border Protection (CBP) for the year ended September 30, 2014. CBP's management is responsible for the Detailed Accounting Submission.

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

Management of CBP prepared the Detailed Accounting Submission to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the Circular).

Based on our review, except as noted below, nothing came to our attention that caused us to believe that the Detailed Accounting Submission for the year ended September 30, 2014, referred to above, is not presented, in all material respects, in conformity with the criteria set forth in the Circular.

Management of CBP used assumptions to compute obligations by Drug Control Decision Units, as presented in the Table of FY 2014 Drug Control Obligations (the Table). Some assumptions are based on surveys completed in prior years. While CBP management represented that the assumptions used continue to be valid for purposes of computing obligations presented in the Table, we were unable to perform review procedures supporting that representation.

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

KPMG LLP

January 20, 2015

1300 Pennsylvania Avenue NW
Washington, DC 20229




**U.S. Customs and
Border Protection**

Mr. Michael Botticelli
Director, Office of National Drug Control Policy
Executive Office of the President
Office of National Drug Control Policy
Washington, DC 20503

Dear Mr. Botticelli:

Enclosed is the U.S. Customs and Border Protection (CBP) Fiscal Year (FY) 2014 Detailed Accounting Submission on National Drug Control Funding. In FY 2014, CBP reported direct obligations of approximately \$2,443.766 million.

If you have any questions or would like additional information, please contact me at (202) 344-2300, or a member of your staff may contact Mr. Sean Mildrew, Executive Director, Budget Directorate, at (202) 344-2210.


Jaye M. Williams
Chief Financial Officer

Enclosure

**U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)
U.S. CUSTOMS AND BORDER PROTECTION (CBP)
Detailed Accounting Submission of Fiscal Year (FY) 2014 Drug Control Funds**

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2014 Drug Control Obligations

(Dollars in Millions)	
	FY 2014
Drug Resources by Budget Decision Unit and Function	
Salaries & Expenses	
Intelligence	\$216.219
<i>Border Security Inspection and Trade Facilitation</i>	\$197.136
<i>Border Security and Control between Ports Of Entry</i>	\$18.488
Interdiction	\$1,435.225
<i>Border Security Inspection and Trade Facilitation</i>	\$878.327
<i>Border Security and Control between Ports Of Entry</i>	\$509.746
<i>Headquarters Management & Administration</i>	\$30.753
Total, Salaries and Expenses	\$1,651.444
Air & Marine Interdiction	
Intelligence	\$105.474
Interdiction	\$583.901
Total, Air & Marine Interdiction	\$689.375
Automation Modernization	
Intelligence	\$11.286
Interdiction	\$2.934
Total, Automation Modernization	\$14.220
Border Security Fencing Infrastructure & Technology (BSFIT)	
Interdiction	\$88.727
Total, Border Security Fencing Infrastructure & Technology	\$88.727
Total Obligations	\$2,443.766
High Intensity Drug Traffic Area (HIDTA)	
Intelligence	\$0.001
Interdiction	\$0.027
Total, High Intensity Drug Traffic Area	\$0.028

Note: Drug resources broken down by unit and function as reflected in the budget structure enacted in the FY 2014 Department of Homeland Security appropriation bill.

1. Drug Methodology

U.S. Customs and Border Protection (CBP) is a multi-mission agency that calculates obligations by budget decision unit and function, pursuant to an approved drug control funds calculation methodology. On the basis of past practice, six organizations within CBP, the Offices of Border Patrol (OBP), Field Operations (OFO), Information Technology (OIT), Training and Development (OTD), Technology Innovation & Acquisition (OTIA), and Air and Marine (OAM), were provided with guidance on preparing submissions for FY 2014 annual reporting of drug control obligations. OBP, OFO, OIT, OTD, OTIA, and OAM were asked to estimate what portions of their activities are related to drug enforcement. These estimates are based on the expert opinions of operational and programmatic staff from the six offices. OIT, OFO, OBP, and OAM attribute their resources to both intelligence and interdiction functions, while OTIA and OTD attribute their resources solely to interdiction.

The Drug Control Obligations table is based on actual obligations for each decision unit and organization named above. The obligation reports are generated by data reported in CBP's DHS-approved accounting system, Systems, Applications, and Products in Data Processing (SAP). SAP is a fully integrated Enterprise Resource Planning (ERP) system that CBP uses to record and report obligations. Each organization uses SAP to report their actual annual obligations. All six organizations have specific missions and develop their own methodology for calculating their drug control activities and resources. Each organization multiplies its drug control percentages by its actual total obligations to calculate drug control obligations.

In the FY 2013 Department of Homeland Security appropriation, Congress enacted substantial changes to CBP's Program, Project, and Activity (PPA) structure within the Salaries and Expenses (S&E), Automation Modernization, and Air and Marine appropriations. This new PPA structure was not included in CBP's FY 2013 Congressional Justification. This new structure altered the appropriation source of funding for many of CBP's organizations. For example, drug control funding for OIT previously came from the S&E appropriation. It now comes from the Automation and Modernization appropriation, which did not contribute drug control resources before the PPA restructure. CBP's drug control obligations table provides a breakout of FY 2014 funding by this new PPA structure.

OFFICE OF BORDER PATROL

OBP is responsible for controlling almost 6,000 miles of land borders between ports of entry with Canada and Mexico, and nearly 2,100 miles of coastal waters surrounding the Florida Peninsula and Puerto Rico. At the close of FY 2014, there were 20,824 Border Patrol agents assigned to the mission of detecting and apprehending illegal entrants between the Ports of Entry. These illegal entries include aliens, drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status. It has been determined that 15 percent of the total agent time nationwide is related to drug activities. This percentage was determined based on a review of the hours worked by agents, canine officers, and core personnel at various border check-points with narcotic-intensive activities. Resources for OBP come from the S&E appropriation. Within the

S&E appropriation, the resources for OBP come from the Border Security and Control between the Ports of Entry PPA.

Of the 15 percent of total agent time related to drug activities, 3.5 percent of agents' efforts are related to intelligence and 96.5 percent are related to drug interdiction. These activities include staffing 35 permanent border traffic checkpoints nationwide, including 890 canine units trained in the detection of humans and certain illegal drugs that are concealed within cargo containers, truck trailers, passenger vehicles, and boats. In addition, agents perform line watch functions in targeted border areas that are frequent entry points for the smuggling of drugs and people into the United States.

OFFICE OF FIELD OPERATIONS

At the end of FY 2014, 3,543 CBP Officer positions were related to drug enforcement on Anti-Terrorism Contraband Enforcement Teams (A-TCET). The A-TCET also works closely with the Passenger Enforcement Rover Team (PERT) and Passenger Analytical Unit (PAU) teams to coordinate all enforcement activities. CBP estimates that 69 percent of the A-TCET is devoted to drug enforcement. This estimation was made by experts in the field who used best estimates to determine the amount of time CBP officers and agriculture specialists spent in the field on activities devoted to narcotics seizures like cargo and passenger inspections. The smuggling methodologies and their indicators are similar for both narcotics and anti-terrorism activities. Drug control resources for OFO come from the S&E appropriation. Within S&E, resources for OFO come from the Border Security Inspection and Trade Facilitation PPA.

In FY 2014, there were 676 Canine Enforcement officers with assigned dogs. Of this amount, there are 501 canine teams whose efforts are nearly 100 percent devoted to smuggling operations. Among the dogs paired with a CBP officer, 125 are Narcotics Detection Teams, 50 Currency and Firearms Detection Teams, and 326 Narcotics/Human Smuggling Detection Teams. Also included in the total, but not scored for narcotics enforcement were 119 Agricultural Teams and 56 K-9 Trainers and Field Advisors. Thirteen dog handlers did not have dogs at the time that this data was collected. This was due to recent canine retirements and extended leave/light duty assignments.

The FY 2014 enacted Budget provides for 2,000 CBP officers to be hired over two years. Funds have been provided to hire 700 of the 2,000 in FY 2014. OFO anticipates there will be approximately 501 Canine Enforcement officers in FY 2015 that are devoted to drug interdiction and 18,230 CBP Officers (CBPOs) who, in addition to the interdiction of contraband and illegal drugs, enforce hundreds of laws and regulations of many other Federal government agencies such as the U.S. Fish and Wildlife Service, Bureau of Alcohol, Tobacco, Firearms and Explosives, and Bureau of Export Administration. OFO estimates that roughly 30 percent of the CBPOs' time will be devoted to drug-related activities. The following three populations of CBPOs comprise OFO's FY 2014 authorized staffing level: Enforcement teams (3,543), CBPO canine (501), and officers not specifically dedicated to drug enforcement (18,230).

Of the percent of OFO's resources related to drug activities, 17.3 percent is related to intelligence and 82.7 percent is related to drug interdiction. Resources for OFO come from the

S&E appropriation. Within the S&E appropriation, the resources for OFO come from the Border Security Inspection and Trade Facilitation PPA.

Additionally, the funds for Non-Intrusive Inspection systems (NII) are now directly in OFO's budget. These funds are included in the S&E figures provided for Border Security and Trade Facilitation. CBP uses a variety of NII systems and Radiation Detection Equipment (RDE) as part of its layered inspection strategy to achieve its primary mission of securing the Nation's borders and protecting America from the entry of dangerous people and goods while, at the same time, facilitating the flow of legitimate trade and travel across U.S. borders. In FY 2014, this funding was transferred from OIT to OFO. It is estimated that 77% of the funding for NII is associated with general contraband detection which would include narcotics.

Multiple types of NII systems and RDE are used to thoroughly and quickly inspect sea containers, rail cars, trucks, automobiles, pallets, and various packages and parcels for the presence of contraband without damaging the conveyance or its contents and without having to resort to more intrusive and time-consuming manual inspections, such as unloading, drilling and dismantling. Significant numbers of NII equipment are in use at more than 350 land border ports, airports, seaports, Border Patrol checkpoints, and international locations. NII technologies are viewed as force multipliers that enable CBP officers to examine or scan a larger portion of the stream of traffic while facilitating the flow of legitimate trade, cargo, and passengers.

OFFICE OF INFORMATION TECHNOLOGY

OIT supports the drug enforcement mission through the acquisition, support, and maintenance of technology. Of OIT's base budget, 25 percent of Automated Targeting Systems (Passenger, Narcotics, and Anti-Terrorism) software application costs, 50 percent of legacy TECS, and 10 percent of data center operations costs are estimated to be in support of the drug mission. Of the percent of OIT's resources related to drug activities, 20 percent is related to intelligence and 80 percent is related to drug interdiction. Resources for OIT's direct base budget come from the Automation Modernization appropriation. Other application and technology maintenance is now managed by business sponsors, but is executed by OIT per respective spending plans.

OFFICE OF TRAINING AND DEVELOPMENT

OTD calculates the portion of their budget attributable to drug control funding by issuing an annual data call for all projected National Training Plan (NTP) funded training courses to assess if courses contain any items related to drug enforcement material and activities. The curriculum of each course is reviewed and subject matter experts determine course hours delivered related to drug enforcement for this task. If specific courses offered through the NTP contain drug enforcement related material, a specific percentage for that course is defined (hours related to drug enforcement training divided by the total number of course hours). Specific training programs identified include the canine training programs and basic, specialized, and advanced training for CBP officers and agents. OTD's day-to-day operational resources are attributed to drug enforcement activities at a rate of 20 percent. OTD evaluated each office's mission

statement and training development/delivery functions to determine the total weighted percentage of its drug enforcement activities.

OFFICE OF TECHNOLOGY INNOVATION & ACQUISITION – BORDER SECURITY FENCING, INFRASTRUCTURE, AND TECHNOLOGY

Under OTIA, CBP is the lead agency within DHS for the development and deployment of border technology and tactical infrastructure to secure America's borders. This appropriation provides continued funding for the CBP Program Offices tasked with developing and installing technology and tactical infrastructure solutions, enabling a more effective and efficient method for controlling border security.

CBP took ownership of the Tethered Aerostat Radar System (TARS) program at the start of FY 2014 as part of a transfer from the Department of Defense (DoD). TARS are fixed site, aerostat-based radar systems that provide air surveillance across the entire U.S.-Mexico border (approximately 2,000 nautical miles). They are designed to detect compliant low-altitude aircraft and non-compliant low-altitude aircraft attempting to smuggle narcotics or other contraband into the U.S. The TARS program is a critical component of CBP's bi-national narcotics and contraband interdiction operations with Mexico. For this drug control estimate, BSFIT is using 100 percent of the Tethered Aerostat Radar System (TARS) program funding, 15 percent of the funding from Development and Deployment, and 15 percent of remaining funding from Operations and Maintenance (minus TARS funding). This funding will be used on border technology and other technology systems that support drug control activities.

OFFICE OF AIR & MARINE OPERATIONS

OAM's core competencies are air and marine interdiction, air and marine law enforcement, and air domain security. In this capacity, OAM targets the conveyances that illegally transport narcotics, arms, and aliens across our borders and in the Source, Transit, and Arrival Zones. In FY 2014, OAM P-3s flew 5,889 hours in drug control efforts which represent 82 percent of all OAM P-3 hours. These hours were in support of Joint Interagency Task Force-South (JIATF-S) in the Source and Transit Zones. During FY 2014, P-3 aircrews from Corpus Christi, Texas, and Jacksonville, Florida, detected 149 suspected smuggling vessels and aircraft. This resulted in the seizure of 112,224 pounds of cocaine with an estimated street value of more than \$8.4 billion. CBP continues to deploy proven, effective surveillance technology tailored to the operational requirements along the highest trafficked areas of the southwest border. During FY 2014, in support of the Joint Field Command and the South Texas Campaign Initiative, the Unmanned Aircraft Systems flew more than 4,600 hours in FY 2014 contributing to the seizure of more than 71,569 pounds of narcotics with an estimated street value of over \$253 million.

Since September 11, 2001, OAM has steadily increased its support to counter-terrorism by developing a more cohesive and integrated response to national security needs, as well as placing more emphasis on illegal immigration. OAM is dedicating significant assets and personnel in support of U.S./Mexico interdiction initiative, and in support of OBP's southwest border illegal alien intervention.

Using flight hours spent performing drug-related activities, OAM has determined that 85.6 percent of the budget resources that support OAM are considered to be drug-related. Of the total flight hours flown by OAM, 15.3 percent were related to intelligence.

2. Methodology Modifications

The drug control methodology for obligations used in FY 2014 remained the same as the methodology used in FY 2013 for the previously reported organizations. The only change that occurred in FY 2014 was a result of Congress' realignment of CBP's accounting structure. The realignment moved OIT's funding from S&E appropriation to the Automation Modernization appropriation which added this account as a source of drug control resources. While CBP's methodology did not change, the appropriation source for some offices did and has been noted in the Drug Methodology section.

3. Material Weaknesses or Other Findings

Pursuant to CBP's FY 2014 Internal Control Assurance Statement, the following financial weaknesses, reportable conditions, or non-conformance could affect the reporting of drug control budget obligations.

Reporting Pursuant to Federal Managers' Financial Integrity Act Section 4. 31 U.S.C. 3512 (d) (2) (B):

a. Financial Systems Security - Non-Conformance of Applicable Laws/DHS Directives

The DHS Office of the Inspector General (OIG) continues to identify Information Technology (IT) general and application control weaknesses at CBP. While auditors have closed out 35 percent of the FY 2013 IT findings, new findings have been identified during the FY 2014 financial statement audit. CBP will continue to remediate these findings in FY 2014. This weakness did not affect CBP's ability to report complete and accurate obligation data in the Table of Drug Control Obligations.

4. Reprogrammings or Transfers

Due to the FY 2014 sequestration and operational challenges such as the Unaccompanied Children (UC) crisis along the Southwest Border, CBP submitted reprogramming and transfer requests. The reprogrammings were approved by both Congress and the Office of National Drug Control Policy (ONDCP).

5. Other Disclosures

There are no other disclosures that CBP has determined are necessary to clarify any issues regarding the data reported under ONDCP Circular, Accounting of Drug Control Funding and Performance Summary, dated January 18, 2013.

B. Assertions

1. Obligations by Budget Decision Unit

Not Applicable - As a multi-mission agency, CBP is exempt from reporting under this section as noted in the ONDCP Circular, Accounting of Drug Control Funding and Performance Summary, Section 6(b)(1), dated January 18, 2013.

2. Drug Methodology

CBP asserts that the methodology used to estimate drug enforcement related obligations is reasonable and accurate. The criteria associated with this assertion are as follows:

a. Data

The estimate of drug enforcement related obligations is based on the methodology described in section A.1 above, and presents a fair and accurate picture of the CBP drug enforcement mission.

b. Financial Systems Security

Despite the IT general and application control weaknesses noted in section A.3, CBP's financial systems are capable of providing data that fairly represent, in all material respects, aggregate obligations. The drug methodology described in section A.1 above is used to estimate what portion of these obligations may reasonably be considered to be associated with drug enforcement related activities.

3. Application of Drug Methodology

The methodology described in section A.1 above was used to prepare the estimates contained in this report.

4. Reprogrammings or Transfers

Pursuant to 21 U.S.C. 1703 (c) (4) (A), the ONDCP Circular on Budget Execution (revised January 18, 2013) prohibits agencies from submitting to Congress reprogramming or transfer requests that would result in a decrease or increase of \$1 million or more in funding included in the National Drug Control Program budget without obtaining prior approval from the Director of National Drug Control Policy. CBP submitted reprogrammings/transfers that affected the drug control budget during FY 2014.

Reprogrammings and transfers made to CBP in FY 2014 were approved by ONDCP's Associate Director for Management and Administration on June 17, 2013.

5. Fund Control Notices

The Director of National Drug Control Policy did not issue a Fund Control Notice for CBP for FY 2014.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Appendix A Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
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Office of National Drug Control Policy

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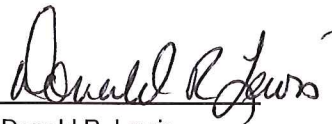
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Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305

Prior Year Drug Control Obligations

		Obligations (in Millions)
		FY 2014
Drug Resources by Function		
Investigations		\$44.189
State & Local Assistance		\$1.629
International		\$0.398
Total Drug Resources by Function		\$46.215
Drug Resources by Decision Unit		
Salaries & Expenses		\$46.215
Total Drug Resources by Decision Unit		\$46.215
Drug Resources Personnel Summary		
Total FTEs (direct only)		223
Drug Resources as a Percent of Budget		
Total Agency Budget (in billions)		\$ 0.259
Drug Resources Percentage		18.0%

The FLETC has less than \$50 million in drug-related obligations per year. As such, full compliance with the ONDCP Circular: Drug Control Accounting, would constitute an unreasonable reporting burden.



Donald R. Lewis
Chief Financial Officer

11/27/2015
Date

The Drug Resources as a Percent of Budget is computed as follows:

Obligations	FY	Budget Authority		
\$46,215	FY2014	\$257,430	$46215/257430=$	18.0%



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

January 23, 2015

Ms. Michele Marx
Associate Director for Management and Administration
Office of National Drug Control Policy
750 17th Street, NW
Washington, DC 20503

Dear Ms. Marx:

The enclosed report presents the results of our independent review of the U.S. Immigration and Customs Enforcement's (ICE) fiscal year 2014 Detailed Accounting Submission.

The Office of National Drug Control Policy's circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, requires the Office of Inspector General to express a conclusion about the reliability of each assertion made in ICE's Detailed Accounting Submission. The review of ICE's report was conducted as an attestation engagement consistent with the *Statements for Standards of Attestation Engagements* promulgated by the American Institute of Certified Public Accountants.

Please call me with any questions, or your staff may contact Mark Bell, Assistant Inspector General for Audits, at (202) 254-4100.

Sincerely,

A handwritten signature in black ink that reads "John Roth".

John Roth
Inspector General

Enclosure

OFFICE OF INSPECTOR GENERAL

**Review of U.S.
Immigration and Customs
Enforcement's
FY 2014 Detailed
Accounting Submission**



Homeland
Security

**January 23, 2015
OIG-15-24**



HIGHLIGHTS

Review of U.S. Immigration and Customs Enforcement's FY 2014 Detailed Accounting Submission

January 23, 2015

Why We Did This

Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, requires National Drug Control Program agencies to submit to the ONDCP Director, not later than February 1 of each year, a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year. The Office of Inspector General (OIG) is required to conduct a review of the agency's submission and provide a conclusion about the reliability of each assertion in the report.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-IG.OfficePublicAffairs@oig.dhs.gov

What We Found

KPMG LLP, under contract with the Department of Homeland Security OIG, issued an Independent Accountants' Report on U.S. Immigration and Customs Enforcement's (ICE) Detailed Accounting Submission. ICE management prepared the Table of FY 2014 Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy's ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary* (Circular), dated January 18, 2013. Based on its review, nothing came to KPMG LLP's attention that caused it to believe that the Detailed Accounting Submission for the year ended September 30, 2014, is not presented, in all material respects, in conformity with the criteria in ONDCP's Circular. KPMG LLP did not make any recommendations as a result of its review.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

JAN 23 2015

TO: Radha C. Sekar
Executive Associate Director Management and Administration
U.S. Immigration and Customs Enforcement

FROM: Mark Bell *Mark Bell*
Assistant Inspector General for Audits

SUBJECT: *Review of U.S. Immigration and Customs Enforcement's FY 2014
Detailed Accounting Submission, Report Number OIG-15-24*

Attached for your information is our final report, *Review of U.S. Immigration and Customs Enforcement's FY 2014 Detailed Accounting Submission*. U.S. Immigration and Customs Enforcement (ICE) management prepared the Table of FY 2014 Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy's circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

We contracted with the independent public accounting firm, KPMG LLP (KPMG), to review ICE's Detailed Accounting Submission. KPMG is responsible for the attached Independent Accountants' Report of its review, dated January 20, 2015, and the conclusions expressed in it. KPMG's report contains no recommendations.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Don Bumgardner, Acting Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Accountants' Report

Inspector General
U.S. Department of Homeland Security:

We have reviewed the accompanying Detailed Accounting Submission of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2014. ICE's management is responsible for the Detailed Accounting Submission.

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

Management of ICE prepared the Detailed Accounting Submission to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the Circular).

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission for the year ended September 30, 2014, referred to above, is not presented, in all material respects, in conformity with the criteria set forth in the Circular.

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

KPMG LLP

January 20, 2015

Office of the Chief Financial Officer

U.S. Department of Homeland Security
500 12th Street, SW
Washington, D.C. 20536



**U.S. Immigration
and Customs
Enforcement**

January 20, 2015

Mr. Mark Bell
Assistant Inspector General for Audit
U.S. Department of Homeland Security
Office of the Inspector General
1120 Vermont Avenue NW, 10th Floor
Washington, DC 20005

Dear Mr. Bell,

In accordance with the Office of the National Drug Control Policy circular, Drug Control Accounting, dated January 18, 2013, enclosed is Immigration and Customs Enforcement's report of FY 2014 drug obligations, drug control methodology and assertions.

If you require further assistance on this information, please contact Matthew Moden at (202) 732-4398.

Sincerely,

Sabrina Jones
Sabrina Jones

Acting Director, Office of Budget and Program Performance
U.S. Immigration and Customs Enforcement

**U.S. Department of Homeland Security
U.S Immigration and Customs Enforcement
Detailed Accounting Submission of Drug Control Funds during FY 2014**

**A. Table of FY 2014 Drug Control Obligations
Drug Resources by Budget Decision Unit and Function:**

	FY 2014 Final (In Millions)
Drug Resource by Drug Control Function	
Domestic Investigations	\$436.115
International Operations	\$8.298
Intelligence: Domestic	\$14.666
Intelligence: International	\$0.231
Total	\$459.310
Drug Resources by Budget Decision Unit	
Salaries and Expenses – Immigration Enforcement	
Total	\$459.310
High Intensity Drug Trafficking Area (HIDTA) Transfer	\$1.185

Disclosure No. 1: Drug Methodology

U.S. Immigration and Customs Enforcement (ICE) is a multi-mission bureau, and obligations are reported pursuant to an approved drug methodology. ICE’s Homeland Security Investigations (HSI) Domestic Investigations, International Operations (IO) and Office of Intelligence upholds U.S. drug control policy delegated amid of the Office of National Drug Control Policy (ONDCP) initiatives, by fully supporting the overall ICE mandate to detect, disrupt, and dismantle smuggling organizations. Therefore, separate calculations are formulated for the three ICE HSI sanctioned programs which undertake in -counter-narcotic investigative activity: HSI Domestic Investigations, HSI International Operations, and HSI Office of Intelligence.

Domestic Investigations

The methodology for HSI Domestic Investigations is based on investigative case hours recorded in ICE’s automated Case Management System. ICE officers record the type of investigative work they perform in this system which interfaces with Treasury Enforcement Communications System (TECS), a system used to identify and report case hours coded to specific investigative categories. Following the close of the fiscal year, ICE uses TECS reports to identify and report

HSI releases the attached information with the understanding that the requestor will only utilize such information for the purpose stated in the request. Prior to using the information for any other purpose, or release to a third party, the requestor should inform and seek approval from HSI.

the total investigative case hours that are coded as general narcotics cases and money-laundering narcotics cases. A second TECS report shows investigative case hours logged. A percentage is derived by dividing the number of investigative case hours linked to drug-control activities by the total number of investigative case hours. This percentage may fluctuate from year to year. For FY 2014, the actual percentage for Domestic Investigations was 26.08%. To calculate a dollar amount of obligations, this percentage was applied to actual obligations incurred by Domestic Investigations, excluding reimbursable authority. ICE uses the Federal Financial Management System (FFMS) to identify the obligations incurred.

International Operations

- The methodology for International Operations is based on investigative case hours recorded in ICE's automated Case Management System. ICE officers record the type of work they perform in this system, which interfaces with TECS. Following the close of the fiscal year, a TECS report is run showing investigative case hours that are coded as general narcotics cases and money-laundering narcotics cases. A second report is run showing all investigative case hours logged for international law enforcement operations. A percentage is derived by dividing the number of international investigative case hours linked to drug-control activities by the total number of investigative case hours. For International Operations, the actual percentage of hours that were counter-narcotics related was 8.32% in FY 2014. To calculate a dollar amount of obligations, this percentage was applied to actual obligations incurred by International Affairs, excluding reimbursable authority. The FFMS is the system used to generate the actual obligations incurred.

Intelligence

- ICE officers provide intelligence services for Domestic Investigations and IO to support criminal investigations aimed at disrupting and dismantling criminal organizations involved in transnational drug trade and associated money laundering crimes. The methodology for Intelligence is based on intelligence case hours recorded in ICE's automated Case Management System. ICE intelligence officers record the type of work they perform in this system, which interfaces with TECS. Following the close of the fiscal year, a report in TECS is run showing investigative case hours that are coded as counter-narcotics cases and money-laundering narcotics cases. A second report is run showing all investigative case hours logged. A percentage is derived by dividing the number of investigative case hours linked to drug-control activities by the total number of investigative case hours logged for Intelligence. For FY 2014, 20.05% of the total case hours for Intelligence were in support of drug-control activities. To calculate a dollar amount of drug-control obligations, this percentage was applied to actual obligations incurred by Intelligence, excluding reimbursable authority. The FFMS is the system used to generate the actual obligations incurred.

HSI releases the attached information with the understanding that the requestor will only utilize such information for the purpose stated in the request. Prior to using the information for any other purpose, or release to a third party, the requestor should inform and seek approval from HSI.

Intelligence case hours recorded in TECS captures both domestic and international drug-related activity. ICE Intelligence calculates the total percentage of case hours that support Domestic and International drug enforcement activity by adding the end of the year total number of Intel Domestic and Intel Office of International Operations drug-controlled investigative hours in TECS and dividing these totals by the total number of Domestic drug-controlled investigative hours and IO drug-controlled investigative hours. The resulting percentage is used to determine the amount of work that Intelligence does in support of drug operations for international activities (1.55%) and domestic activities (98.45%). The respective percentages are applied to the total Intelligence drug-related obligations as determined above to identify the relative international and domestic obligations expended by Intelligence for drug-control activities.

Disclosure No. 2: Methodology Modifications

There were no modifications to the drug methodology from the previous year to report.

Disclosure No. 3: Material Weaknesses or Other Findings

In the Fiscal Year 2014 Financial Statement Audit, ICE contributed to material weaknesses at the Department of Homeland Security consolidated financial statement audit in the areas of financial reporting and budgetary accounting.

ICE recognizes weaknesses in the obligations management process with timely obligation of funds and ensuring that inactive contracts with outstanding funds are de-obligated appropriately. ICE must improve the financial reporting processes to ensure that sufficient reviews and validation of data is occurring prior to recording. Additionally, we must refine the reporting of Property, Plant and Equipment (PP&E), financial reporting of imputed costs, financial statement footnotes, and reinforce compliance with existing expense and fund balance with Treasury policies and procedures including review of invoices prior to disbursement and clearing of expense transactions. We will complete remediation initiated last year and conduct routine verification and validation to ensure improvements are being sustained.

The contributions to material weaknesses identified above did not impair ICE's ability to report complete and accurate obligation data in the Table of FY 2014 Drug Control Obligations.

Disclosure No. 4: Reprogrammings or Transfers

In FY 2014, there were no reprogrammings or transfers that affected drug-related budgetary resources.

Disclosure No. 5: Other Disclosures

There are no other disclosures which ICE feels are necessary to clarify any issues regarding the data reported.

HSI releases the attached information with the understanding that the requestor will only utilize such information for the purpose stated in the request. Prior to using the information for any other purpose, or release to a third party, the requestor should inform and seek approval from HSI.

B. Assertions

Assertion No. 1: Obligations by Budget Decision Unit

Not Applicable - As a multi-mission agency, ICE is exempt from reporting under this section as noted in the Office of National Drug Control Policy (ONDCP) *Circular, Accounting of Drug Control Funding and Performance Summary*.

Assertion No. 2: Drug Methodology

The methodology used to calculate obligations of prior year budgetary resources by budget decision unit and function is reasonable and accurate in regard to the workload data employed and the estimation methods used. The workload data is derived from TECS discussed in the methodology section above and is based on work performed between October 1, 2013 and September 30, 2014. There are no other estimation methods used. The financial system used to calculate the drug-related budget obligations is the FFMS which is capable of yielding data that fairly presents, in all material respects, aggregate obligations.

Assertion No. 3: Application of Drug Methodology

The methodology disclosed in section A, Disclosure No. 1 was the actual methodology used to generate the Table of Prior Year Drug Control Obligations.

Assertion No. 4: Reprogrammings or Transfers

In FY 2014, the data presented are associated with obligations against a financial plan that was sent to and approved by ONDCP. There were no reprogrammings or transfers of drug-related resources in excess of \$1 million that required ONDCP approval.

Assertion No. 5: Fund Control Notices

No Fund Control Notice was issued as defined by the ONDCP Director under 21 U.S.C. section 1703(f) and Section 9 of the ONDCP Circular, *Budget Execution*, to ICE in FY 2014.

HSI releases the attached information with the understanding that the requestor will only utilize such information for the purpose stated in the request. Prior to using the information for any other purpose, or release to a third party, the requestor should inform and seek approval from HSI.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Appendix A Report Distribution

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Congressional Oversight and Appropriations Committees

Office of National Drug Control Policy

Associate Director for Management and Administration

ADDITIONAL INFORMATION AND COPIES

To view this and any of our other reports, please visit our website at: www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov. Follow us on Twitter at: @dhsoig.



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Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305

OFFICE OF INSPECTOR GENERAL

Review of U.S. Coast Guard's FY 2014 Detailed Accounting Submission



Homeland
Security

January 23, 2015
OIG-15-28



HIGHLIGHTS

Review of U.S. Coast Guard's FY 2014 Detailed Accounting Submission

January 23, 2015

Why We Did This

The Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, requires National Drug Control Program agencies to submit to the ONDCP Director, not later than February 1 of each year, a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year. The Office of Inspector General (OIG) is required to conduct a review of the agency's submission and provide a conclusion about the reliability of each assertion in the report.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

KPMG LLP, under contract with the Department of Homeland Security OIG, issued an Independent Accountants' Report on U.S. Coast Guard's (Coast Guard) Detailed Accounting Submission. Coast Guard's management prepared the Table of FY 2014 Drug Control Obligations and related disclosures to comply with the requirements of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary* (Circular), dated January 18, 2013. Based on its review, nothing came to KPMG LLP's attention that caused it to believe that the Detailed Accounting Submission for the year ended September 30, 2014, is not presented, in all material respects, in conformity with the criteria in ONDCP's Circular. KPMG LLP did not make any recommendations as a result of its review.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

JAN 23 2015

TO: Rear Admiral Todd. A Sokalzuk
Chief Financial Officer
U.S. Coast Guard

FROM: Mark Bell 
Assistant Inspector General for Audits

SUBJECT: *Review of U.S. Coast Guard's FY 2014 Detailed Accounting Submission, Report Number OIG-15-28*

Attached for your information is our final report, *Review of U.S. Coast Guard's FY 2014 Detailed Accounting Submission*. Coast Guard management prepared the Table of FY 2014 Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy's circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

We contracted with the independent public accounting firm, KPMG LLP (KPMG), to review the Coast Guard's Detailed Accounting Submission. KPMG is responsible for the attached Independent Accountants' Report of its review, dated January 20, 2015, and the conclusions expressed in it. KPMG's report contains no recommendations.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Don Bumgardner, Acting Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Accountants' Report

Inspector General
U.S. Department of Homeland Security:

We have reviewed the accompanying Detailed Accounting Submission of the U.S. Department of Homeland Security's (DHS) United States Coast Guard (Coast Guard) for the year ended September 30, 2014. Coast Guard's management is responsible for the Detailed Accounting Submission.

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

Management of Coast Guard prepared the Detailed Accounting Submission to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the Circular).

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission for the year ended September 30, 2014, referred to above, is not presented, in all material respects, in conformity with the criteria set forth in the Circular.

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

KPMG LLP

January 20, 2015

U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: CG-82
Phone: (202) 372-3518
Fax: (202) 372-2311

7110

Mr. Mark Bell
Assistant Inspector General for Audits
Office of the Inspector General
Department of Homeland Security

JAN 20 2015

Dear Mr. Bell,

In accordance with the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, enclosed is the Coast Guard's FY 2014 Detailed Accounting Submission.

If there are any questions, please contact LCDR Kevin Karow at (202) 372-3524.

Sincerely,

A handwritten signature in blue ink that reads "G. J. Sanial".

G. J. SANIAL
Captain, U.S. Coast Guard
Chief, Office of Budget and Programs

Enclosure: USCG FY 2014 Detailed Accounting Submission

Copy: DHS Budget Office

**DEPARTMENT OF HOMELAND SECURITY
UNITED STATES COAST GUARD
Detailed Accounting Submission of FY 2014 Drug Control Funds**

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2014 Drug Control Obligations

RESOURCE SUMMARY (Dollars in Millions)	2014 Actual Obligations
Drug Resources by Drug Control Function:	
• Interdiction	\$1,424.084
• Research and Development	\$2.376
Total Resources by Function	\$1,426.46
Drug Resources by Budget Decision Unit:	
• Operating Expenses (OE)	\$807.874
• Reserve Training (RT)	\$13.766
• Acquisition, Construction, and Improvements (AC&I)	\$602.444
• Research, Development, Test and Evaluation (RDT&E)	\$2.376
Total Drug Control Obligations	\$1,426.46
<i>Note: Excludes reimbursements and external funding streams (e.g. HIDTA and OCDEF).</i>	

1. Drug Methodology

In FY 2000, a methodology known as the Mission Cost Model (MCM) was developed to present United States Coast Guard (Coast Guard) missions using activity-based cost accounting principles. The MCM is an estimate of operational mission costs allocated across the Coast Guard's 11 mission/programs. The information reported is timely and derived from an allocation process involving the Coast Guard's financial statement information and operational employment data. The operating hour allocation, or baseline, is developed and modified based upon budget line item requests and operational priorities.

The Coast Guard is required to report its drug control funding to the Office of National Drug Control Policy (ONDCP) in four appropriations, categorically called decision units. The Coast Guard's drug control funding estimates are computed by examining the decision units that are comprised of: Operating Expenses (OE); Reserve Training (RT); Acquisition, Construction, and Improvement (AC&I); and Research, Development, Test, and Evaluation (RDT&E). Each decision unit contains its own unique spending authority and methodology. For example, AC&I includes funding that remains available for obligation up to five years after appropriation and RDT&E includes funding which does not expire. Unless stipulated by law, OE and RT funding must be spent in the fiscal year it is

appropriated. The mechanics of the MCM methodology used to derive the drug control information for each decision unit's drug control data is derived as follows.

Mission Cost Allocations

OE funds are used to operate Coast Guard facilities; maintain capital equipment; improve management effectiveness; and recruit, train, sustain, and compensate an active duty military and civilian workforce. The Coast Guard tracks the resource hours spent on each of its 11 statutory missions. Obligations within the drug interdiction program are derived by allocating a share of the actual obligations of assets and activities based upon the reported percentage of time aircraft, cutters, and boats spent conducting drug interdiction activities.

The two chief input drivers to the MCM are:

- *The Coast Guard's Standard Rate and User Fee (SRUF)* – The SRUF model calculates the total cost, including direct, support and overhead, of operating the Coast Guard's assets, as well as missions or services that the Coast Guard performs but does not have related standard rates or user fees.
- *Abstract of Operations (AOPS) and Aviation Logistics Management Information System (ALMIS)* – Cutter and boat activities are captured by the AOPS system, while aircraft operational hours are entered into ALMIS. Expenses allocated to missions or services, and not assets, are driven to each of the employment categories by percentages. Those percentages are determined by surveys of those activities.

The Coast Guard tracks the resource hours spent on each of the 11 Coast Guard statutory missions using AOPS and ALMIS. This data is then used to determine the amount of time each asset class spends conducting each Coast Guard mission as a ratio of the total resource hours spent on all missions. In addition, using financial data gathered from over 3,000 cost centers around the United States along with the AOPS and ALMIS information, the Coast Guard is able to allocate OE costs to each of the 11 statutory missions consisting of: Drug Interdiction; Migrant Interdiction; Ports, Waterways and Coastal Security; Other Law Enforcement; Defense Readiness; Search and Rescue; Marine Safety; Ice Operations; Marine Environmental Protection; Living Marine Resources; and Aids to Navigation.

By design, the MCM is based on the OE decision unit. While mission-program spreads derived from MCM can be directly applied to OE and RT decision units, AC&I and RDT&E decision units must be calculated separately. This is due to the structure of the AC&I and RDT&E decision units, which are presented as individual projects in the Coast Guard's budget submission. Within AC&I and RDT&E, individual projects are allocated to missions based on an established profile (largely based on utilization). The drug interdiction attributions of each of these projects are then combined to determine the total contribution to the drug interdiction mission.

The program percentages derived from the MCM are applied to OE, RT, AC&I and RDT&E decision units per the above methodology (see Attachments A, B, C and D, respectively). Obligation data is derived from the final financial accounting Report on Budget Execution (SF-133).

2. Methodology Modifications

The methodology described above is consistent with the previous year.

3. Material Weaknesses or Other Findings

As identified in the Independent Auditors' Report on DHS' FY 2014 Financial Statements and Internal Control over Financial Reporting, the Coast Guard contributed to Departmental material weaknesses in the following internal control areas: Financial Reporting; IT Controls and System Functionality; Property, Plant and Equipment; and Budgetary Accounting. Following the recommendations provided in previous Independent Auditors' Reports, the Coast Guard has continued to implement corrective action plans to remediate long-standing internal control deficiencies, strengthen existing internal controls, and provide assurance over the fidelity of financial information. This effort seeks to remedy the causes of identified material weaknesses through implementation of long-term solutions. Such improvements helped DHS to maintain consecutive clean, unmodified audit opinions on its financial statements in FY 2013 and FY 2014. Accordingly, the Coast Guard can provide reasonable assurance that FY 2014 obligation data has been fairly reported. The Coast Guard will continue this effort to strengthen Department-wide internal controls by implementing recommendations contained in Exhibit I of the FY 2014 Independent Auditors' Report. The aforementioned weaknesses do not have a significant effect on the presentation of FY 2014 drug related obligations data.

As previously discussed, because the Coast Guard budgets by congressionally established appropriations (rather than individual missions), the organization must rely on information contained within the activity-based MCM. The Coast Guard uses this MCM data to determine financial obligations specifically related to statutory missions, including Drug Interdiction. This appropriation structure supports multi-mission requirements by allowing the service to surge and shift resources across all missions, and this level of resource flexibility is critical to successful mission execution in our dynamic, operational environment. However, such a structure makes it difficult to precisely determine the cost of a particular mission or the "level of effort" expended in carrying out that mission. Notwithstanding its limitations, the MCM has been endorsed by the Office of Management and Budget (OMB) in formulation of the Coast Guard's annual budget request to Congress. The MCM provides the Coast Guard with a reliable, repeatable system that forecasts future year spending and estimates previous year obligations by mission.

4. Reprogrammings or Transfers

During FY 2014, the Coast Guard had no reports of transfers or reprogramming actions affecting drug related budget resources in excess of \$1 million.

5. Other Disclosures

The following provides a synopsis of the United States Coast Guard's FY 2014 Drug Control Funds reporting which describes:

1. The agency's overall mission and the role of drug interdiction efforts within the Coast Guard's multi-mission structure; and
2. The Coast Guard's Drug Budget Submission.

Coast Guard Mission

The Coast Guard is a military service with mandated national security and national defense responsibilities, and is the United States' leading maritime law enforcement agency with broad, multi-

faceted jurisdictional authority. Due to the multi-mission nature of the Coast Guard and the necessity to allocate the effort of a finite amount of assets, there is a considerable degree of asset “cross-over” between missions. This cross-over contributes to the challenges the Coast Guard faces when reporting costs for its mission areas.

Coast Guard's Drug Budget Submission

In the annual National Drug Control Strategy (NDCS) Budget Summary, all agencies present their drug control resources broken out by function and decision unit. The presentation by decision unit is the one that corresponds most closely to the Coast Guard's congressional budget submissions and appropriations. It should be noted and emphasized that the Coast Guard does not have a specific appropriation for drug interdiction activities. As such, there are no financial accounting lines for each of Coast Guard's 11 statutory missions. All drug interdiction operations, capital improvements, reserve support, and research and development efforts are funded out of general Coast Guard appropriations.

The Coast Guard's drug control budget is generally an accurate reflection of the Coast Guard's overall budget. The Coast Guard's OE appropriation budget request is incremental, focusing on the changes from the prior year base brought forward. The Coast Guard continues to present supplementary budget information through the use of the MCM, which allocates base funding and incremental requests by mission.

This general purpose MCM serves as the basis for developing drug control budget estimates for the OE and RT appropriations and provides allocation percentages used to develop the drug control estimates for the AC&I and RDT&E appropriations and the process is repeatable. Similarly, this is the same methodology used to complete our annual submission to the Office of National Drug Control Policy (ONDCP) for the NDCS Budget Summary.

Assertions

1) Obligations by Budget Decision Unit

Not Applicable. As a multi-mission agency, the Coast Guard is exempt from this reporting requirement.

2) Drug Methodology

The Coast Guard does not have a discrete drug control appropriation and its financial systems are not structured to accumulate accounting data by operating programs or missions areas. However, the methodology used to produce the drug interdiction funding in this report is repeatable and is based on the attribution of direct, support and overhead costs proportionally allocated to reflect historical mission employment data presented in AOPS. This methodology is consistently used by the Coast Guard to develop annual budget year submissions and mission related reports. These submissions include: Resource Allocation Proposal (RAP), Resource Allocation Decision (RAD), and the Office of Management and Budget's (OMB) MAX budget update of Coast Guard's Congressional Budget submissions and the DHS CFO Statement of Net Cost report. The criteria associated to this assertion are as follows:

- a) Data – The percentage allocation results derived from its MCM methodology are based on the FY 2014 financial and AOPS/ALMIS data, as presented in the Coast Guard’s FY 2014 OMB budget submission.
- b) Financial Systems – Financial data used in this methodology are derived from the Core Accounting System (CAS), Naval and Electronic Supply Support System (NESSS), and ALMIS. No other financial system or information is used in developing program or mission area allocations.

3) Application of Drug Methodology

The methodology disclosed in this section was the actual methodology used to generate the drug control obligation funding table required by ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary* (issued January 18, 2013). Documentation on each decision unit is provided.

4) Reprogrammings or Transfers

During FY 2014, the Coast Guard had no reports of transfers or reprogramming actions affecting drug related budget resources in excess of \$1 million.

5) Fund Control Notices

ONDCP did not issue Coast Guard a Fund Control Notice for FY 2014.

**OPERATING EXPENSES (OE)
MISSION COST MODEL OUTPUT:**

	(dollars in thousands)	
	FY 2014	
	Obligations	% of total
1. Search and Rescue (SAR)	822,763	11.74%
2. Marine Safety (MS)	617,588	8.81%
3. Aids to Navigation (ATON)	1,214,939	17.34%
4. Ice Operations (IO)	100,293	1.43%
5. Marine Environmental Protection (MEP)	165,081	2.36%
6. Living Marine Resources (LMR)	628,196	8.97%
7. <u>Drug Interdiction</u>	<u>807,874</u>	<u>11.53%</u>
8. Other Law Enforcement (OTH-LE)	78,115	1.11%
9. Migrant Interdiction	508,151	7.25%
10. Ports, Waterways & Coastal Security (PWCS)	1,619,051	23.11%
11. Defense Readiness	444,644	6.35%
Total OE Obligations	\$ 7,006,695	100%

**RESERVE TRAINING (RT)
MISSION COST MODEL OUTPUT:**

(dollars in thousands)		
FY 2014		
	Obligations	% of total
1. Search and Rescue (SAR)	14,020	11.74%
2. Marine Safety (MS)	10,523	8.81%
3. Aids to Navigation (ATON)	20,702	17.34%
4. Ice Operations (IO)	1,709	1.43%
5. Marine Environmental Protection (MEP)	2,813	2.36%
6. Living Marine Resources (LMR)	10,704	8.97%
<u>7. Drug Interdiction</u>	<u>13,766</u>	<u>11.53%</u>
8. Other Law Enforcement (OTH-LE)	1,331	1.11%
9. Migrant Interdiction	8,659	7.25%
10. Ports, Waterways & Coastal Security (PWCS)	27,588	23.11%
11. Defense Readiness	7,577	6.35%
Total RT Obligations	\$ 119,391	100%

**ACQUISITION, CONSTRUCTION and IMPROVEMENTS
(AC&I) MISSION COST MODEL OUTPUT:**

	(dollars in thousands)	
	FY 2014	
	Obligations	% of total
1. Search and Rescue (SAR)	140,504	8.08%
2. Marine Safety (MS)	10,265	0.59%
3. Aids to Navigation (ATON)	50,084	2.88%
4. Ice Operations (IO)	23,775	1.37%
5. Marine Environmental Protection (MEP)	13,408	0.77%
6. Living Marine Resources (LMR)	340,014	19.55%
<u>7. Drug Interdiction</u>	<u>602,444</u>	<u>34.64%</u>
8. Other Law Enforcement (OTH-LE)	94,438	5.43%
9. Migrant Interdiction	144,087	8.28%
10. Ports, Waterways & Coastal Security (PWCS)	149,423	8.59%
11. Defense Readiness	170,959	9.83%
Total AC&I Obligations	\$ 1,739,402	100%

**RESEARCH, DEVELOPMENT, TEST and EVALUATION
(RDT&E) MISSION COST MODEL OUTPUT:**

		(dollars in thousands)	
		FY 2014	
		Obligations	% of total
1. Search and Rescue (SAR)		3,666	16.96%
2. Marine Safety (MS)		876	4.05%
3. Aids to Navigation (ATON)		2,712	12.55%
4. Ice Operations (IO)		222	1.03%
5. Marine Environmental Protection (MEP)		5,549	25.67%
6. Living Marine Resources (LMR)		1,329	6.15%
7. <u>Drug Interdiction</u>		<u>2,376</u>	<u>10.99%</u>
8. Other Law Enforcement (OTH-LE)		241	1.11%
9. Migrant Interdiction		1,142	5.28%
10. Ports, Waterways & Coastal Security (PWCS)		2,808	12.99%
11. Defense Readiness		696	3.22%
	Total RDT&E Obligations	\$ 21,618	100%



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Appendix A Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
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Audit Liaison

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Congress

Congressional Oversight and Appropriations Committees

Office of National Drug Control Policy

Associate Director for Management and Administration

ADDITIONAL INFORMATION AND COPIES

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Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305

DEPARTMENT OF THE INTERIOR



Office of National Drug Control Policy (ONDCP)
 2014 Accounting Report – Indian Affairs

Resource Summary

Prior Year Drug Control Obligations		FY 2014
Function: Prevention		(millions)
J30	Criminal Investigations and Police Services	8,000
J33	Special Initiatives	1,025
	Substance Abuse - Meth Initiative	9,025
	Total FTE (Direct ONLY)	56
J34	Indian Police Academy	480
	Total ALL Functions	9,505

Full compliance with the ONDCP Circular, dated January 18, 2013 (Circular), constitutes an unreasonable reporting burden. Obligations reported under Section 6 of the Circular constitute the statutorily required detailed accounting.



Deputy Assistant Secretary - Indian Affairs
 (Management)

MAR 18 2015

Date



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Office of Law Enforcement and Security
1849 C Street NW, Room 5641
Washington, D.C. 20240




March 11, 2015

In Reply Refer To:
9260 (WO120) I

Memorandum

To: Director,
Office of National Drug Control Policy

From: Salvatore R. Lauro, 
Director, Office of Law Enforcement and Security

Subject: Fiscal Year 2014 Accounting and Performance Summary Report

In accordance with *ONDCP Circular: Accounting of Drug Control Funding and Performance Summary, January 18, 2013* (the Circular), the United States Department of the Interior, Bureau of Land Management (BLM) is hereby submitting the attached Accounting and Performance Summary Report of fiscal year 2014 drug control activities. Per the Circular, this report is being submitted in lieu of the “Detailed Accounting Submission and Performance Summary Report” otherwise required for agencies with drug control obligations of \$50 million or greater.

The BLM, Director of the Office of Law Enforcement and Security (OLES) attests that the Bureau’s drug control obligations are under \$50 million, and full compliance with the Circular would constitute an unreasonable reporting burden. If you have any questions, please contact Daniel Fowler, Deputy Director OLES, at 202-208-4819.

Attachment

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Office of Law Enforcement and Security**

- Accounting and Performance Summary Report Fiscal Year 2014 -

Mission

The overall mission of the BLM is to sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations. In support of that mission, the primary goals of the Resource Protection and Law Enforcement program include the identification, investigation, disruption, and dismantling of marijuana cultivation and smuggling activities on public lands; the seizure and eradication of marijuana plants; and the clean-up and restoration of public lands affected by marijuana cultivation and smuggling.

Budget Summary

The Bureau's appropriation in the Resource Protection and Law Enforcement subactivity includes \$5.1 million for drug enforcement. The primary focus of these funds is the identification, investigation, and eradication of marijuana cultivation on public lands, and the rehabilitation of cultivation sites. Bureau costs associated with identifying, investigating, and eradicating marijuana cultivation; interdicting marijuana smuggling; and rehabilitating the public lands damage caused by these activities are scored as drug control.

Table of Drug Control Obligations – Fiscal Year 2014	
Drug Control Functions:	
Interdiction	408
Investigations	4,080
State and Local Assistance	612
Total All Functions	5,100
Budget Decision Unit:	
Resource Protection and Law Enforcement	5,100
Total All Decision Units	5,100
Drug Resource Personnel Summary	
Total FTE (Direct Only)	20

Methodology to Establish Performance Targets is Reasonable and Applied

Due to the fact there is currently no data on the total number of marijuana plants subject to seizure that are grown in the U.S., the ONDCP permits the BLM to gauge performance using a single measure, specifically “number of marijuana plants seized.” Given the significant year-to-year fluctuation seen in public lands marijuana seizures over the past six years, and the number of variables believed to affect large scale public lands cultivation operations, the BLM currently bases its out-year target on the preceding fiscal year’s seizure level.

Adequate Performance Measures Exist for All Significant Drug Control Activities

The BLM has traditionally utilized a single measure (i.e. marijuana seizures) to capture performance considered to be reflective of its respective National Drug Control Program activities. In light of the fact there is currently no data on the total number of marijuana plants subject to seizure that are grown in the U.S., the ONDCP permits the BLM to gauge performance using a single measure, specifically “number of marijuana plants seized.”

In accordance with ONDCP Circular: “Accounting of Drug Control Funding and Performance Summary”, January 18, 2013, the BLM is hereby submitting this alternative report of drug control funding and performance for FY 2014. Per the Circular, this report is being submitted in lieu of the standard “Detailed Accounting Submission and Performance Summary Report” otherwise required for agencies with drug control obligations of \$50 million or greater. The BLM, Director of the Office of Law Enforcement and Security attests that the Bureau’s drug control obligations are under \$50 million, and full compliance with the Circular would constitute an unreasonable reporting burden.



Salvatore R. Lauro
Director, Office of Law Enforcement and Security

DEPARTMENT OF JUSTICE





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



Reviews of the Annual Accounting of Drug Control Funds and Related Performance Fiscal Year 2014

REVIEWS OF THE ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE FISCAL YEAR 2014

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 Justice Programs, Offices of the United States Attorneys, Organized Crime Drug Enforcement Task Forces Program, and United States Marshals Service's annual accounting of drug control funds and related performance for the fiscal year ended September 30, 2014. 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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. The Department of Justice components reviewed, reported approximately \$7.7 billion of drug control obligations and 23 related performance measures for fiscal year 2014.

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.

**REVIEWS OF THE ANNUAL ACCOUNTING OF
DRUG CONTROL FUNDS AND RELATED PERFORMANCE
FISCAL YEAR 2014**

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ASSETS FORFEITURE FUND



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

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

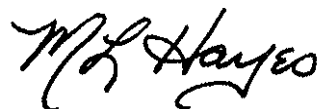
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the related performance information, of the U.S. Department of Justice's Assets Forfeiture Fund (AFF) for the fiscal year ended September 30, 2014. 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 would be the expression of an opinion on the ONDCP 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 ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 16, 2015

**Assets Forfeiture Fund
Detailed Accounting Submission**



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

(202) 616-8000

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

On the basis of the Assets Forfeiture Fund (AFF) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the AFF system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug methodology used by the AFF to calculate obligations of budgetary resources by function and budget decision unit is reasonable and accurate in all material respects.
2. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
3. The data presented are associated with obligations against a financial plan that did not require revision for reprogrammings or transfers during FY 2014.
4. The AFF did not have any ONDCP Fund Control Notices issued in FY 2014.

Kevin Arnwine, Assistant Director,
AFMS

1/16/15

Date

U.S. Department of Justice
Assets Forfeiture Fund
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2014
(Dollars in Millions)

Drug Obligations by Budget Decision Unit and Function:		FY 2014
Decision Unit #1: Asset Forfeiture		Actual Obligations
	Investigations	156.50
	State and Local Assistance	70.74
Total Asset Forfeiture		\$ 227.24
Total Drug Control Obligations		\$ 227.24

**U.S. Department of Justice
Assets Forfeiture Fund
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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 Asset Forfeiture Program (AFP) monies, commonly referred to as Joint Law Enforcement Program Operations Expenses. All AFP 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 Costs Leading to Seizure, Awards Based on Forfeiture, Contracts 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.

Contracts 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 Unified Financial Management System. Obligations that are derived by this system reconcile with the enacted appropriations and carryover balance.

Disclosure 2: Methodology Modifications

There have been no changes to the drug methodology from the previous year. The drug methodology disclosed has been consistently applied from prior years.

Disclosure 3: Material Weaknesses or Other Findings

For the FY 2014 Financial Statements Audit, the Assets Forfeiture Fund (AFF)/Seized Asset Deposit Fund (SADF) received an unmodified audit opinion. The *Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* noted a material weakness related to a need to improve the quality of AFF/SADF's overall financial management, specifically, the financial reporting process. This finding has an undetermined impact on the presentation of the AFF's drug-related budgetary resources and performance.

Disclosure 4: Reprogrammings or Transfers

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

CRIMINAL DIVISION



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

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

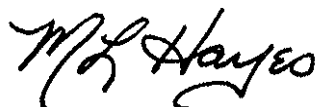
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the related performance information, of the U.S. Department of Justice's Criminal Division (CRM) for the fiscal year ended September 30, 2014. 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 would be the expression of an opinion on the ONDCP 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 ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 that reads "Mark L. Hayes". The signature is written in a cursive style with a large, stylized initial "M".

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

January 16, 2015

**Criminal Division
Detailed Accounting Submission**



U.S. Department of Justice


Criminal Division

Washington, D.C. 20530

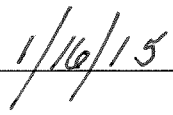
**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the CRM system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug methodology used by the CRM to calculate obligations of budgetary resources by function and budget decision unit is reasonable and accurate in all material respects.
2. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
3. The data presented are associated with obligations against a financial plan that did not require revision for reprogrammings or transfers during FY 2014.
4. CRM did not have any ONDCP Fund Control Notices issued in FY 2014.



Tracy Melton, Acting Executive
Officer



Date

U.S. Department of Justice
Criminal Division
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2014
(Dollars in Millions)

Drug Obligations by Budget Decision Unit and Function:		FY 2014
Decision Unit: Enforcing Federal Criminal Laws		Actual Obligations
	Prosecution	39.44
Total Enforcing Federal Criminal Laws		\$ 39.44
Total Drug Control Obligations		\$ 39.44

**U.S. Department of Justice
Criminal Division
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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 CRM 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 drug-related activities. The CRM Sections and Offices contributing to this budget are:

- Narcotic and Dangerous Drug Section (NDDS)
- Office of Enforcement Operation (OEO)
- Office of International Affairs (OIA)
- Organized Crime and Gang Section (OCGS)
- Capital Case Section (CCS)
- Computer Crimes and Intellectual Property Section (CCIPS)
- Human Rights and Special Prosecutions Section (HRSP)
- International Criminal Investigative Training Assistance Program (ICITAP)
- Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT)
- Appellate Section (APP)
- Asset Forfeiture and Money Laundering Section (AFMLS)
- Office of Policy and Legislation (OPL)

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 functions, the CRM'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 resources dedicated to drug-related activities. Component totals are then aggregated to determine the Division total. For FY 2014, the Division's drug resources as a percentage of its overall actual obligations were 22.73%.

Data – All accounting information for the CRM is derived from DOJ's FMIS2.

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

Disclosure 2: Methodology Modifications

No modifications were made to the methodology from the prior year.

Disclosure 3: Material Weaknesses or Other Findings

The CRM is a component within the DOJ Offices, Boards and Divisions (OBDs). For FY 2014, the OBDs were included in the DOJ consolidated audit and did not receive a separate financial statement audit. The DOJ's consolidated FY 2014 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Disclosure 4: Reprogrammings or Transfers

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

**DRUG ENFORCEMENT
ADMINISTRATION**



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

Administrator
Drug Enforcement Administration
U.S. Department of Justice

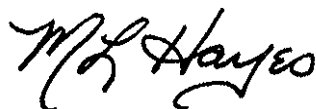
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the related performance information, of the U.S. Department of Justice's Drug Enforcement Administration (DEA) for the fiscal year ended September 30, 2014. 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 would be the expression of an opinion on the ONDCP 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 ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 16, 2015

**Drug Enforcement Administration
Detailed Accounting Submission**



www.dea.gov

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

On the basis of the Drug Enforcement Administration's (DEA) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the DEA system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by budget decision unit are the actual obligations from the DEA's accounting system of record for these budget decision units.
2. The drug methodology used by the DEA 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. DEA did not have any ONDCP Fund Control Notices issued in FY 2014.

Christinia K. Sisk, Acting Chief Financial Officer

Date

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2014
(Dollars in Millions)**

Drug Obligations by Budget Decision Unit and Function:	FY 2014 Actual Obligations
Diversion Control Fee Account	
Intelligence	\$ 7.85
Investigations	328.47
Total Diversion Control Fee Account	\$ 336.32
 Decision Unit #1: International Enforcement	
Intelligence	\$ 25.39
International	393.14
Prevention	0.07
Total International Enforcement	\$ 418.60
 Decision Unit #2: Domestic Enforcement	
Intelligence	\$ 167.71
International	1,511.47
Prevention	1.67
Total Domestic Enforcement	\$ 1,680.85
 State and Local Assistance	
State and Local Assistance	\$ 15.10
Total State and Local Assistance	\$ 15.10
 Total Drug Control Obligations	\$ 2,450.87
 High-Intensity Drug Trafficking Area (HIDTA) Obligations	\$ 16.85

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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 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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 showing function and decision unit. The table represents obligations incurred by the DEA for drug control purposes and reflects one hundred 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 Salaries & Expenses account (S&E). 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. 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	97.66%	Investigations
	2.33%	Intelligence
Domestic Enforcement	89.92%	Investigations
	9.98%	Intelligence
	0.10%	Prevention
International Enforcement	93.92%	International
	6.07%	Intelligence
State and Local Assistance	100.00%	State and Local Assistance

Decision Units: One hundred percent of the DEA’s total obligations by decision unit are 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 2014, including S&E and DCFA appropriations, was 7,990 through pay period 19, ending October 3, 2014.

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 MCA data to allocate FY 2014 obligations from four decision units to ONDCP’s drug functions.

Disclosure 3: Material Weaknesses and Other Findings

For FY 2014, the DEA was included in the Department of Justice (DOJ) consolidated financial statements audit and did not receive a separate financial statements audit. The DOJ’s consolidated *FY 2014 Independent Auditor’s Report on Internal Control over Financial Reporting* revealed no material weaknesses.

In accordance with DOJ’s FY 2014 Federal Manager’s Financial Integrity Act (FMFIA) reporting requirements and the related FY 2014 OMB Circular A-123 assessments. No reportable conditions or material weaknesses in the design or operation of the controls and no system non-conformances are required to be reported.

In FY 2013, DEA reported a reportable condition in the area of transit subsidies because some employees’ subsidies had not been discontinued upon their separation from DEA. Results of FY 2014 testing supported that DEA implemented effective corrective actions, as testing identified no exceptions.

Disclosure 4: Reprogrammings and Transfers

There were no reprogrammings in FY 2014.

The DEA had several transfers during FY 2014 (see the attached Table of FY 2014 Reprogrammings and Transfers). There were two transfers from the Department of Justice (DOJ), Community Oriented Policing Services (COPS) program in the amount of \$10,000,000 to DEA's S&E No-Year account. Four transfers were from ONDCP's High Intensity Drug Trafficking Area (HIDTA) program for a total of \$15,410,832. One internal transfer of \$1,594,008 from DEA's FY 2009 unobligated S&E funding to the No-Year account. One transfer went out from DEA's unobligated FY 2013/2014 account of \$215,217 back to HIDTA.

Transfers under the Drug Resources by Function section in the Table of FY 2014 Reprogrammings and Transfers are based on the same MCA allocation percentages as the Table of Drug Control Obligations.

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Table of Reprogrammings and Transfers
For Fiscal Year Ended September 30, 2014
(Dollars in Millions)**

Drug Resources by Budget Decision Unit and Function:		Transfers-in	Transfers-out	Total
Decision Unit #1: International Enforcement				
	Intelligence	\$ 0.14	\$ -	\$ 0.14
	International	2.17	-	2.17
	Total International Enforcement	\$ 2.31	\$ -	\$ 2.31
Decision Unit #2: Domestic Enforcement				
	Intelligence	\$ 0.92	\$ -	\$ 0.92
	Investigations	8.35	-	8.35
	Prevention	0.01	-	0.01
	Total Domestic Enforcement	\$ 9.28	\$ -	\$ 9.28
	Total	\$ 11.59	\$ -	\$ 11.59
	High-Intensity Drug Trafficking Area (HIDTA) Transfers	\$ 15.40	\$ (0.21)	\$ 15.19

FEDERAL BUREAU OF PRISONS



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

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

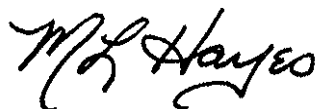
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement 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, 2014. 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 would be the expression of an opinion on the ONDCP 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 ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 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 16, 2015

**Federal Bureau of Prisons
Detailed Accounting Submission**

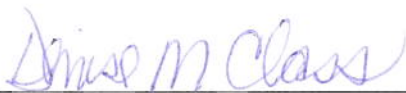


Washington, DC 20534

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the BOP system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug methodology used by the BOP to calculate obligations of budgetary resources by function and budget decision unit is reasonable and accurate in all material respects.
2. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
3. The data presented are associated with obligations against a financial plan that did not require revision for reprogrammings or transfers during FY 2014.
4. BOP did not have any ONDCP Fund Control Notices issued in FY 2014.



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

1/16/2015

Date

U.S. Department of Justice	
Federal Bureau of Prisons	
Detailed Accounting Submission	
Table of Drug Control Obligations	
For Fiscal Year Ended September 30, 2014	
(Dollars in Millions)	
Drug Obligations by Budget Decision Unit and Function:	FY 2014
Decision Unit #1: Inmate Care and Programs	Actual Obligations
Treatment	\$ 81.99
Corrections	1,194.76
Total Inmate Care and Programs	\$ 1,276.75
Decision Unit #2: Institution Security and Administration	
Corrections	\$ 1,468.82
Total Institution Security and Administration	\$ 1,468.82
Decision Unit #3: Contract Confinement	
Treatment	\$ 26.20
Corrections	\$ 518.10
Total Contract Confinement	\$ 544.30
Decision Unit #4: Management and Administration	
Corrections	\$ 98.90
Total Management and Administration	\$ 98.90
Decision Unit #5: New Construction	
Corrections	\$ 12.62
Total New Construction	\$ 12.62
Decision Unit #6: Modernization and Repair	
Corrections	\$ 32.54
Total Modernization and Repair	\$ 32.54
Total Drug Control Obligations	\$ 3,433.93

**U.S. Department of Justice
Federal Bureau of Prisons
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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 BOP's drug resources are divided into two functions: 1) Treatment; and 2) Corrections.

Treatment function obligations are calculated by totaling actual amount obligated (100%) for Drug Treatment Functions, which 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 treatment obligations for Community Transitional Drug Treatment are captured in the Contract Confinement Decision unit, whereas all other programs are included in the Inmate Care and Program Decision Unit.

Correction function obligations are calculated by totaling all BOP direct obligations excluding Treatment function obligations, and applying a drug percentage to these obligations. Drug percentage is the percentage of inmates sentenced for drug-related crimes (49.4%).

The Table of Drug Control Obligations was prepared in accordance with the Office of National Drug Control Policy (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. 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

As previously approved by ONDCP, the methodology to calculate drug control obligations has been changed from the prior year (FY 2013). In FY 2014, the BOP changed the allocation of Community Transitional Drug Treatment obligations from the Inmate Care and Programs Decision Unit to the Contract Confinement Decision Unit to better align the treatment function resources. In FY 2014, the total treatment function obligations of \$108.19 million are allocated to two decision units, \$81.99 million to the Inmate Care and Programs Decision Unit, and \$26.20 million the Contract Confinement Decision Unit. If BOP would have used the prior year

methodology, all of the treatment obligations of \$108.19 million would have been allocated to the Inmate Care and Program Decision Unit.

Disclosure 3: Material Weaknesses or Other Findings

In FY 2014, there were no significant deficiencies or material weaknesses identified in OMB Circular A-123 testing or 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 2014 obligations include all approved transfers and there were no reprogrammings in FY 2014 (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 2014, \$861,724 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 associated with seven PHS Full Time Equivalents in relations to drug treatment. 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, 2014
(Dollars in Millions)

Drug Resources by Budget Decision Unit and Function:	Transfers-in	Transfers-out	Total
Decision Unit: Inmate Care and Programs			
Corrections	\$ 53.35	\$ (53.35)	\$ -
Total Inmate Care and Programs	<u>\$ 53.35</u>	<u>\$ (53.35)</u>	<u>\$ -</u>
Total	<u>\$ 53.35</u>	<u>\$ (53.35)</u>	<u>\$ -</u>

OFFICE OF JUSTICE PROGRAMS



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

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

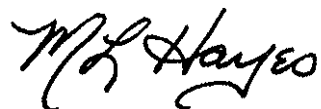
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement 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, 2014. The 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 would be the expression of an opinion on the ONDCP Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the OJP prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 16, 2015

**Office of Justice Programs
Detailed Accounting Submission**



Washington, D.C. 20531

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the OJP system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by the budget decision unit are the actual obligations from the 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. The data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the ONDCP Director under 21 U.S.C. § 1703(f) and Section 9 of the ONDCP Circular, *Budget Execution*.

Leigh Benda, Chief Financial Officer

Date

U.S. Department of Justice
Office of Justice Programs
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2014
(Dollars in Millions)

Drug Obligations by Budget Decision Unit and Function:	FY 2014
Decision Unit #1: Regional Information Sharing System Program	Actual Obligations^{1/}
Treatment	\$ 27.40
Total, Regional Information Sharing System Program	<u>\$ 27.40</u>
Decision Unit #2: Enforcing Underage Drinking Laws Program	
Prevention	\$ 0.94
Total, Enforcing Underage Drinking Laws Program	<u>\$ 0.94</u>
Decision Unit #3: Drug Court Program	
Treatment	\$ 37.23
Total, Drug Court Program	<u>\$ 37.23</u>
Decision Unit #4: Residential Substance Abuse Treatment Program	
Treatment	\$ 9.54
Total, Residential Substance Abuse Treatment Program	<u>\$ 9.54</u>
Decision Unit #5: Prescription Drug Monitoring Program	
State and Local Assistance	\$ 6.57
Total, Prescription Drug Monitoring Program	<u>\$ 6.57</u>
Decision Unit #6: Border Initiatives (Southwest and Northern)	
State and Local Assistance	\$ 0.26
Total, Border Initiatives (Southwest and Northern)	<u>\$ 0.26</u>
Decision Unit #7: Second Chance Act Program	
State and Local Assistance	\$ 25.00
Total, Second Chance Act Program	<u>\$ 25.00</u>
Decision Unit #8: Byrne Criminal Justice Innovation Program	
State and Local Assistance	\$ 3.10
Total, Byrne Criminal Justice Innovation Program	<u>\$ 3.10</u>
Decision Unit #9: Tribal Courts Program	
Treatment	\$ 1.42
Total, Tribal Courts Program	<u>\$ 1.42</u>
Decision Unit #10: Indian Alcohol and Substance Abuse Program	
Prevention	\$ 4.80
Total, Indian Alcohol and Substance Abuse Program	<u>\$ 4.80</u>
Decision Unit #11: Edward Byrne Memorial Justice Assistance Grant Program	
State and Local Assistance	\$ 65.80
Total, Edward Byrne Memorial Justice Assistance Grant Program	<u>\$ 65.80</u>
Decision Unit #12: Tribal Youth Program	
Prevention	\$ 2.14
Total, Tribal Youth Program	<u>\$ 2.14</u>
Total	<u>\$ 184.20</u>

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

**U.S. Department of Justice
Office of Justice Programs
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

OJP's Office of the Chief Financial Officer, Budget Formulation, Appropriations, and Management Division is responsible for the development and presentation of the annual OJP ONDCP Budget. OJP's fiscal year (FY) 2014 drug obligations have a total of 12 decision units identified for the National Drug Control Budget.

The FY 2014 decision units include the following:

- Regional Information Sharing System Program
- Enforcing Underage Drinking Laws Program
- Drug Court Program
- Residential Substance Abuse Treatment Program
- Harold Rogers Prescription Drug Monitoring Program
- Border Initiatives (Southwest and Northern)
- Second Chance Act Program
- Byrne Criminal Justice Innovation Program
- Tribal Courts Program
- Indian Alcohol and Substance Abuse Program
- Edward Byrne Memorial Justice Assistance Grant Program
- Tribal Youth Program

In determining the level of resources used in support of the twelve active decision units, OJP used the following methodology:

Drug Program Obligations by Decision Unit: Data on obligations, as of September 30, 2014, 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: Since FY 2012, OJP has not had a Salaries and Expenses (S&E) appropriation. M&A funds were assessed at the programmatic level and 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 twelve active drug-related decision units to the total M&A obligations for OJP.

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.

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

Function:	The appropriate drug-related percentage was applied to each decision unit line item and totaled by function. For FY 2014, 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 four of the 12 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. OJP is using 30 percent of the actual obligations for Border Initiatives, the Enforcing Underage Drinking Laws Program, Byrne Criminal Justice Innovation Program, and the Indian Country Legacy Programs. The Byrne Justice Assistance Grants Program will use 22 percent of the actual obligations.

Disclosure 2: Methodology Modifications

OJP's overall methodology used to report obligations has not changed from the prior year methodology.

Disclosure 3: Material Weaknesses or Other Findings

For FY 2014, OJP was included in the DOJ consolidated financial statements audit and did not receive a separate financial statements audit. The DOJ's consolidated FY 2014 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Disclosure 4: Reprogrammings or Transfers

In accordance with the ONDCP's Circular, *Drug Control Accounting Funding and Performance Summary*, dated January 18, 2013, OJP has provided the attached Table of Reprogrammings and Transfers. In FY 2014, OJP had no reprogrammings, and \$7.92 million and \$20.09 million in drug-related transfers-in and transfers-out, respectively. The transfers-in amounts include OJP's FY 2014 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 2014, 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 2014 actual drug obligations, \$8.9 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, 2014
(Dollars in Millions)**

Drug Resources by Budget Decision Unit and Function:	Transfers-in ^{1/}	Transfers-out ^{2/}	Total
Decision Unit #1: Regional Information Sharing System Program			
State and Local Assistance	-	(2.99)	(2.99)
Total: Regional Information Sharing System Program	<u>\$ -</u>	<u>\$ (2.99)</u>	<u>\$ (2.99)</u>
Decision Unit #2: Enforcing Underage Drinking Laws Program			
Prevention	0.17	(0.75)	(0.58)
Total: Enforcing Underage Drinking Laws Program	<u>\$ 0.17</u>	<u>\$ (0.75)</u>	<u>\$ (0.58)</u>
Decision Unit #3: Drug Court Program			
Treatment	3.37	(4.03)	(0.66)
Total: Drug Court Program	<u>\$ 3.37</u>	<u>\$ (4.03)</u>	<u>\$ (0.66)</u>
Decision Unit #4: Residential Substance Abuse Treatment Program			
Treatment	0.52	(1.00)	(0.48)
Total: Residential Substance Abuse Treatment Program	<u>\$ 0.52</u>	<u>\$ (1.00)</u>	<u>\$ (0.48)</u>
Decision Unit #5: Harold Rogers Prescription Drug Monitoring Program			
State and Local Assistance	0.26	(0.70)	(0.44)
Total: Harold Rogers Prescription Drug Monitoring Program	<u>\$ 0.26</u>	<u>\$ (0.70)</u>	<u>\$ (0.44)</u>
Decision Unit #6: Border Initiatives (Southwest and Northern)			
State and Local Assistance	0.74	-	0.74
Total, Border Initiatives (Southwest and Northern)	<u>\$ 0.74</u>	<u>\$ -</u>	<u>\$ 0.74</u>
Decision Unit #7: Second Chance Act Program			
State and Local Assistance	0.49	(2.60)	(2.11)
Total: Second Chance Act Program	<u>\$ 0.49</u>	<u>\$ (2.60)</u>	<u>\$ (2.11)</u>
Decision Unit #8: Byrne Criminal Justice Innovation Program			
State and Local Assistance	-	(0.31)	(0.31)
Total: Byrne Criminal Justice Innovation Program	<u>\$ -</u>	<u>\$ (0.31)</u>	<u>\$ (0.31)</u>
Decision Unit #9: Tribal Courts Program			
Treatment	0.26	-	0.26
Total: Tribal Courts Program	<u>\$ 0.26</u>	<u>\$ -</u>	<u>\$ 0.26</u>
Decision Unit #10: Indian Alcohol and Substance Abuse Program			
Prevention	0.30	-	0.30
Total: Indian Alcohol and Substance Abuse Program	<u>\$ 0.30</u>	<u>\$ -</u>	<u>\$ 0.30</u>
Decision Unit #11: Edward Byrne Memorial Justice Assistance Grant Program			
State and Local Assistance	0.85	(7.56)	(6.71)
Total, Edward Byrne Memorial Justice Assistance Grant Program	<u>\$ 0.85</u>	<u>\$ (7.56)</u>	<u>\$ (6.71)</u>
Decision Unit #12: Tribal Youth Program			
Prevention	0.96	(0.15)	0.81
Total: Tribal Youth Program	<u>\$ 0.96</u>	<u>\$ (0.15)</u>	<u>\$ 0.81</u>
Total	<u>\$ 7.92</u>	<u>\$ (20.09)</u>	<u>\$ (12.17)</u>
Methamphetamine Enforcement and Lab Cleanup Program ^{3/}	\$ -	(10.00)	(10.00)

^{1/} Transfers-in reflect FY 2014 recoveries.

^{2/} Amounts reported for the Transfers-out consist of RES 2% set-aside and M&A assessments.

^{3/} 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 transfer related to the COPS program is reported in the financial statements of the OBDs, it is not included in the FY 2014 actual transfers-out total on OJP's Table of Reprogrammings and Transfers. The disclosure of the COPS information in the reprogrammings and transfers table is for presentation purposes only, and the obligations recorded for the program will be reflected in the DEA's Table of Drug Control Obligations.

**OFFICES OF THE
UNITED STATES ATTORNEYS**



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

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

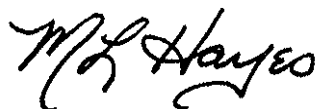
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the related performance information, of the U.S. Department of Justice's Executive Office for United States Attorneys (EOUSA) for the fiscal year ended September 30, 2014. The EOUSA'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 would be the expression of an opinion on the ONDCP Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the EOUSA prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of EOUSA 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 style with a large, stylized "M" and "H".

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

January 16, 2015

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



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, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the United States Attorneys' system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug methodology used by the United States Attorneys to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
2. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
3. The data presented are associated with obligations against a financial plan that did not require revision for reprogrammings or transfers during FY 2014.
4. The United States Attorneys did not have any ONDCP Fund Control Notices issued in FY 2014.

Paul W. Suddes
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, 2014
(Dollars in Millions)

Drug Obligations by Budget Decision Unit and Function:	FY 2014
Decision Unit: Criminal	<u>Actual Obligations</u>
Prosecution	90.45
Total Criminal Decision Unit	<u>90.45</u>
Total Drug Control Obligations	<u>\$ 90.45</u>
High-Intensity Drug Trafficking Area (HIDTA) Obligations	\$ 0.74

**U.S. Department of Justice
United States Attorneys
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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 for drug resources 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 is taken as a percentage of total workload. This percentage is then 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

No modifications were made to the methodology from prior years.

Disclosure 3: Material Weaknesses or Other Findings

The United States Attorneys community is a component within the DOJ Offices, Boards and Divisions (OBDs). For FY 2014, the OBDs were included in the DOJ consolidated audit and did not receive a separate financial statements audit. The DOJ's consolidated audit FY 2014 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Disclosure 4: Reprogrammings or Transfers

There were no drug-related reprogrammings or transfers in FY 2014.

**ORGANIZED CRIME DRUG ENFORCEMENT
TASK FORCES PROGRAM**



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

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

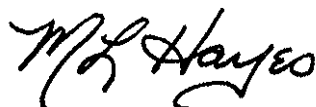
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement 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, 2014. 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 would be the expression of an opinion on the ONDCP 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 ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of OCDETF 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 16, 2015

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



U.S. Department of Justice

Executive Office for Organized Crime Drug
Enforcement Task Forces

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 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 did not require revision for reprogrammings or transfers during FY 2014.
5. OCDETF did not have any ONDCP Fund Control Notices issued in FY 2014.



Peter Maxey, Budget Director

January 16, 2015

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, 2014**

Dollars in Millions

	Total FY 2014 Actual Obligations
Drug Obligations by Decision Unit and Function	
Investigations:	
Drug Enforcement Administration (DEA)	\$ 195.95
Federal Bureau of Investigation (FBI)	\$ 135.85
U.S. Marshals Service (USMS)	\$ 8.60
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	\$ 11.30
OCDETF Fusion Center (OFC)	\$ 10.69
International Organized Crime (IOC-2)	\$ 1.04
TOTAL INVESTIGATIVE DECISION UNIT	\$ 363.43
Prosecutions:	
U.S. Attorneys (USAs)	\$ 146.90
Criminal Division (CRM)	\$ 2.13
EXO Threat Response Unit (TRU)	\$ 0.72
TOTAL PROSECUTORIAL DECISION UNIT	\$ 149.75
 Total Drug Control Obligations	 \$ 513.18

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces Program
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

Disclosure 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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. 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; the U.S. Marshals Service; the OCDETF Fusion Center; and the International Organized Crime. 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; the Criminal Division; and the OCDETF Executive Office Threat Response Unit. The methodology applies 100 percent of the OCDETF Program's Prosecution resources to the Prosecution Decision Unit.

Disclosure 2: Methodology Modifications

The overall methodology to calculate drug control obligations has not been modified from previous years.

Disclosure 3: Material Weaknesses or Other Findings

The OCDETF Program is a component within the DOJ Offices, Boards and Divisions (OBDs). For FY 2014, the OBDs were included in the DOJ consolidated audit and did not receive a separate financial statements audit. The DOJ's consolidated FY 2014 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Disclosure 4: Reprogrammings or Transfers

There were no reprogrammings or transfers in FY 2014.

UNITED STATES MARSHALS SERVICE



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

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

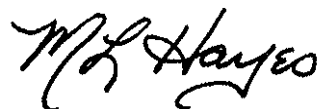
We have reviewed the accompanying Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the related disclosures; and the Performance Summary Report, which includes Management's Assertion Statement 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, 2014. 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 would be the expression of an opinion on the ONDCP 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 ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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, 2014, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, 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 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 16, 2015

**United States Marshals Service
Detailed Accounting Submission**



U.S. Department of Justice

United States Marshals Service

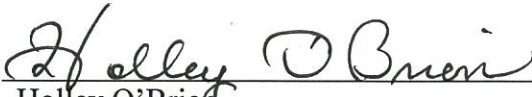
Financial Services Division

Washington, DC 20530-1000

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2014**

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, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, we assert that the USMS system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug methodology used by the USMS to calculate obligations of budgetary resources by function and budget decision unit is reasonable and accurate in all material respects.
2. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
3. The data presented are associated with obligations against a financial plan that did not require revision for reprogrammings or transfers during FY 2014.
4. The USMS did not have any ONDCP Fund Control Notices issued in FY 2014.


Holley O'Brien,
Chief Financial Officer

1/16/2015
Date

**U.S. Department of Justice
United States Marshals Service
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2014
(Dollars in Millions)**

Drug Obligations by Budget Decision Unit and Function:		FY 2014
		Actual Obligations
Decision Unit #1: Fugitive Apprehension		
	International	\$ 1.23
	Investigations	\$ 121.86
Total Fugitive Apprehension		\$ 123.09
Decision Unit #2: Judicial and Courthouse Security		
	State and Local Assistance	\$ 74.15
Total Judicial and Courthouse Security		\$ 74.15
Decision Unit #3: Prisoner Security and Transportation		
	State and Local Assistance	\$ 40.23
Total Prisoner Security and Transportation		\$ 40.23
Decision Unit #4: Detention Services		
	Corrections	\$ 506.69
Total Detention Services		\$ 506.69
Total Drug Control Obligations: USMS		\$ 744.16

**U.S. Department of Justice
United States Marshals Service
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2014**

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 for some decision units, and the average daily population (ADP) for drug offenses to determine the drug prisoner population cost for the Detention Services decision unit.

Three decision units, Fugitive Apprehension, Judicial and Courthouse Security, & Prisoner Security and Transportation, are calculated using drug-related workload ratios applied to the Salaries and Expenses (S&E) Appropriation. For the Fugitive Apprehension decision unit, the USMS uses drug-related workload ratios based on the number of all warrants cleared including felony offense classifications for federal, and state and local warrants such as narcotics possession, manufacturing, and distribution. To calculate the drug-related workload percentage for this decision unit, the USMS takes the drug-related warrants cleared and divides that number by the total number of warrants cleared. For the Judicial and Courthouse Security, & Prisoner Security and Transportation decision units, the USMS uses drug-related workload ratios based only on in-custody, drug-related primary federal offenses such as various narcotics possession, manufacturing, and distribution charges. Primary offense refers to the crime with which the accused is charged that usually carries the most severe sentence. To calculate the drug-related workload percentage for these two decision units, the USMS takes the primary drug-related offenses in custody and divides that number by the total number of offenses in custody. The USMS derives its drug-related obligations, for these three decision units, starting with the USMS S&E Appropriation actual obligations at fiscal year-end as reported in the Standard Form 133, *Report on Budget Execution and Budgetary Resources*. The previously discussed drug workload ratios by decision unit are then applied to the total S&E obligations to derive the drug-related obligations.

Detention services obligations are funded through the Federal Prisoner Detention (FPD) Appropriation. The USMS is responsible for federal detention services relating to the housing and care for federal detainees remanded to USMS custody, including detainees booked for drug offenses. The FPD Appropriation funds the housing, transportation, medical care, and medical guard services for the detainees. FPD resources are expended from the time a prisoner is brought into USMS custody through termination of the criminal proceeding and/or commitment to the Bureau of Prisons. The FPD appropriation does not include specific resources dedicated to the housing and care of the drug prisoner population. Therefore, for the Detention Services decision unit, the methodology used to determine the cost associated with the drug prisoner population is to multiply the ADP for drug offenses by the per diem rate (housing cost per day), which is then multiplied by the number of days in the year.

Data – All accounting information for the USMS, to include S&E and FPD appropriations, is derived from the USMS Unified Financial Management System (UFMS). The population counts and the daily rates paid for each detention facility housing USMS prisoners are maintained by the USMS in the Justice Detainee Information System (JDIS). The data describe the actual price charged by state, local, and private detention facility operators and is updated on an as needed, case-by-case basis when rate changes are implemented. In conjunction with daily reports of prisoners housed, a report is compiled 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 daily population counts and corresponding per diem rate data capture actuals for the detention population count and for the expenditures to house the population.

Financial Systems – UFMS is the financial system that provides USMS with obligation data. Obligations in this system can also be reconciled with the enacted appropriation.

Disclosure 2: Methodology Modifications

The USMS drug methodology applied is consistent with prior years and there were no modifications.

Disclosure 3: Material Weaknesses or Other Findings

The USMS received an unmodified opinion (clean audit) with no reported material weaknesses or significant deficiencies in internal control over financial reporting, as well as no instances of non-compliance or other matters.

Disclosure 4: Reprogrammings and Transfers

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

The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at www.justice.gov/oig/hotline or (800) 869-4499.



Office of the Inspector General
U.S. Department of Justice
www.justice.gov/oig

DEPARTMENT OF LABOR





MAR 03 2015

Michael P. Botticelli
Director
Office of National Drug Control Policy
Executive Office of the President
750 17th Street, N.W.
Washington, DC 20503

Dear Director Botticelli:

This letter transmits the results of the Department of Labor's (Department) review of the information provided by the Employment and Training Administration's (ETA) Office of Job Corps for the Accounting of Drug Control Funds and Performance Summary Report for the program year that ended June 30, 2014. As directed by the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, the Department conducted the annually required detailed accounting of all funds expended on National Drug Control Program activities and the results associated with those activities.

Since the Office of Job Corps reported drug-related obligations are only \$6 million, a detailed accounting would constitute an unreasonable burden to ETA. Therefore, the Department is submitting an alternative report to the Detailed Accounting Submission and the Performance Summary Report. This report was submitted to the Department's Office of Inspector General (OIG), which concluded that full compliance with the circular would constitute an unreasonable burden. The conclusion of OIG is attached for reference.

The Job Corps program, which operates on a program year (PY) basis running from July 1 to June 30, is the only program within ETA that is subject to ONDCP data reporting. The funding amount reported by the Office of Job Corps represents the amount obligated for its drug testing contract with the Center for Disease Detection (CDD) and an estimate of the salaries associated with its counselors.

CDP is a for-profit company that provides state-of-the art, low-cost diagnostics that had confirmed actual obligations of \$600,000 during FY 2014. This figure represents the total cost of a complete battery of tests Job Corps students undergo as a condition of their enrollment. Drug testing represents a small portion of the overall testing regimen, with the rest of the testing being devoted to other discoverable factors that may affect the student's health or their ability to complete the program.

The \$6 million is associated with the total estimated salaries for Job Corps Training Employees Assistance Program (TEAP) counselors at each of the Job Corps Centers. The counselors are not employees of the Department; rather, they are employees of Job Corps Center contractors that operate the bulk of Job Corps centers. The methodology used by the Office of Job Corps to determine their costs is based not on direct obligations to the contractors, but on a rough estimate of the number of TEAP staff and their average salary of \$30,000. Because this calculation is based on factors that vary widely from year to year (e.g., differing numbers of TEAP employees, variances in regional salaries, and the degree to which they have collateral duties), it is extremely difficult to project this figure with any degree of precision. Since providing an exact figure would require precise knowledge of the degree to which each TEAP employee performs drug-related activities in relationship to their total salaries, it is extremely difficult for ETA to accurately parse out the actual amounts spent on drug-related activities. While the methodology appears logical, the variables listed above mitigate against a high degree of accuracy from this model.

Equally important, ETA has previously transmitted information related to the fact that only a small percentage of the counselors' time is for counseling related to drug prevention. This has been found to be a known weakness that casts further doubt on the methodology used to calculate the staff salary portion of reported cost. A timekeeping system for these staff members that would accurately record the time spend in relation to drug prevention is extremely unreasonable given the size and focus on of the Job Corps program.

ETA reviewed the Office of Job Corps' performance data used to support Job Corps' Accounting of FY 2014 Performance Summary Report for ONDCP. As a result of that review the following determinations were made:

- 1) The performance reporting system is appropriate and applied;
- 2) The methodology to establish performance targets is reasonable and applied; and
- 3) Adequate performance measures exist for all significant drug control activity.

The Office of Job Corps has two measures: (1) Percent of students tested for drugs upon entry and (2) percent of students placed in employment, military or higher education at exit. The review was based on the fact that all students entering Job Corps are tested. There are no exceptions to this policy. As a result, ETA has a high degree of confidence in all performance measure factors related to the results reported for this measure. However, this measure, while important for ONDCP, clearly falls outside of the purpose of Job Corps and is not useful in the management of the program.

The second measure used by Job Corps, the Percent of students placed in employment, military or higher education at exit, looked at the data structure the Office of Job Corps uses to collect this data. ETA's confidence interval of the data results reported for this measure is also high. Unlike the other measure created for ONDCP use, this measure is directly applicable to the Office of Job Corps and utilized for program management.

If you have any questions or if my office can provide additional information, please contact Rachel Torres at 202 693 3770.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sissel". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Ron Sissel
Comptroller
Employment and Training Administration, U.S. Department of Labor

DEPARTMENT OF STATE





United States Department of State

Washington, D.C. 20520

MEMORANDUM

FEB 13 2015

TO: OIG/AUD/FM – Gayle Voshell

FROM: INL – Max L. Aguilar, Acting Executive Director *ma*

SUBJECT: Representations Related to the *Independent Review of the Department of State Accounting of FY 2014 Drug Control Funds and Related Performance Report*

We are providing this memorandum in connection with the Office of Inspector General's review of the Accounting of FY 2014 Drug Control Funds and Related Performance Report prepared for the Office of National Drug Control Policy (ONDCP).

We confirm, to the best of our knowledge and belief, that the following representations made to you during the review are valid as of the date of your auditor's report and pertain to the period covered by the ONDCP report:

- The Bureau of International Narcotics and Law Enforcement Affairs (INL) is responsible for the assertions made in the ONDCP report.
- INL is not aware of any information that has not been provided to the auditors that might contradict the assertions.
- INL has made all records and other information relevant to the review available to the auditors.
- INL is not aware of any events subsequent to the period covered by the report that would have a material effect on the assertions.

**U.S. Department of State
Bureau of International Narcotics and Law Enforcement Affairs**

**Accounting and Authentication of FY 2014 Drug Control Funds and Related
Performance Report**

Reference: ONDCP Circular: Accounting of Drug Control Funding and Performance Summary (January 18, 2013)

SECTION 6 Reporting – Detailed Accounting Submission

The Department is providing a Detailed Accounting Submission on the drug control program obligations of the Bureau of International Narcotics and Law Enforcement Affairs (INL) in accordance with Section 6(a) of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*. The Detailed Accounting Submission consists of this report which includes (a) a table highlighting prior year drug control obligations data, and (b) a narrative section making assertions regarding the prior year obligations data.

Section 6(a). Table of Prior Year Drug Control Obligations

The following table presents the obligations of the drug control budgetary resources appropriated and available in FY 2014 by Drug Control Function and Budget Decision Unit.

Bureau of International Narcotics and Law Enforcement Affairs

Drug Control Obligations (\$ in Millions):

	<u>FY 2014 Actual</u>
Drug Resources by Drug Control Function	
International	714.343
Total	714.343
Drug Resources by Decision Unit	
International Narcotics Control and Law Enforcement (INCLE)	714.343
Total	714.343
Information	
Total INCLE Budget	<u>3,175.161</u>

Section 6(a)(1). Drug Methodology

The mission of the Bureau of International Narcotics and Law Enforcement Affairs (INL) is to minimize the impact of international crime and illegal drugs on the United States and its citizens through providing effective foreign assistance and through fostering global cooperation.

To help achieve this mission, INL targets drugs at the source and in transit. Bureau goals include reducing drug cultivation through enforcement, eradication, and alternative development programs; strengthening the capacity of law enforcement institutions to investigate and prosecute major drug trafficking organizations and to block and seize their assets; improving the capacity of the host government's law enforcement and security forces to attack narcotics production and trafficking centers; and fostering regional and global cooperation against drug trafficking. INL functions include foreign policy formulation and coordination, program management and diplomatic initiatives.

The Department's accounting system tracks the international anticrime obligations separately from those of drug control programs through a combination of the appropriation point limitation, the allotment, and project code. This arrangement separates all the drug control obligations being reported from other funds managed by INL. The accounting reports reflect negative amounts when obligations and their associated expenditures and deobligations occur in different time periods. Thus, all expenditures and deobligations that occurred in the current year (FY 2014) that are associated with original obligations that occurred in a prior year (e.g., FY 2013), would result in a negative obligation.

(a) Obligations by Budget Decision Unit –

All obligations presented in the INL table of drug control obligations are 100 percent drug-related.

(b) Obligations by Drug Control Function –

All obligations presented in the INL table of drug control obligations are 100 percent drug-related.

Section 6(a)(2). Methodology Modifications

No change. The process by which the levels of drug-related financial statistics identified for the bureau are calculated was not modified for this fiscal year.

Section 6(a)(3). Material Weaknesses or Other Findings

The Department conducted its assessment of the effectiveness of internal control over financial reporting in accordance with Appendix A of OMB Circular A-123. Based on the results of this assessment, the Department can provide reasonable assurance that its internal control over financial reporting as of June 30, 2014 was operating effectively and the Department found no material weaknesses in the design or operation of the internal control over financial reporting. Further, subsequent procedures and testing through September 30, 2014 did not identify any material changes in key financial reporting internal controls.

Section 6(a)(4). Reprogrammings or Transfers

There were no reprogrammings or transfers that affected FY 2014 drug-related budgetary resources.

Section 6(a)(5). Other Disclosures

There are no other disclosures to report.

Section 6(b) Assertions**Section 6(b)(1). Obligations by Budget Decision Unit**

I assert that obligations reported by budget decision unit are the actual obligations from the bureau's accounting system of record for these Budget Decision Units.

Section 6(b)(2). Drug Methodology

I assert that the drug methodology used to calculate obligations of prior year budgetary resources is reasonable, that the data presented is complete, and that the financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregated obligations from which the drug-related obligations are derived.

Section 6(b)(3). Application of Drug Methodology

I assert that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6(a), that the calculations are sufficiently documented to independently reproduce these data, and the calculation provides a means to ensure consistency of data between reporting years.

Section 6(b)(4). Reprogrammings or Transfers

I assert that the data presented are associated with obligations against a financial plan that was approved by ONDCP and that there were no reprogrammings or transfers affecting drug-related resources.

Section 6(b)(5). Fund Control Notices

I assert that the data presented are associated with obligations against a financial plan that was approved by ONDCP. ONDCP did not issue any Fund Control Notices to the Department in FY 2014.

For purposes of Section 6a reporting, I certify that all the information presented for the Bureau of International Narcotics and Law Enforcement Affairs (INL) is true and correct and concur with all assertions associated with INL.



Max L. Aguilar, Acting Executive Director
Bureau of International Narcotics and Law Enforcement Affairs



USAID
FROM THE AMERICAN PEOPLE

April 2, 2015

Jon E. Rice
Associate Director for Performance and Budget
Office of National Drug Control Policy
Washington, D.C. 20503

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy Circular, Drug Control Accounting, dated January 18, 2013, the United States Agency for International Development (USAID) is submitting its Accounting and Authentication of FY 2014 Drug Control Funds and Related Performance Report. The Inspector General's attestation report is enclosed.

For the purposes of Section 6 financial disclosures and assertions in the attached report, I certify that all the information presented for the USAID is true and correct and I concur with all assertions associated with USAID in Section 6. For the purposes of Section 7 program performance disclosures and assertions, I cannot certify to them, but they seem reasonable to me and I have no reason to object to the certifications given by others.

If you would like to address any questions associated with our submission, please call me on (202) 567-4793.

Sincerely,

Kent Kuyumjian
Acting Chief Financial Officer

Enclosures:

- 1) Accounting and Authentication of Drug Control Funds and Related Performance Report
- 2) USAID Inspector General Attestation Report
- 3) FY2014 Independent Auditors' Report
- 4) FY2014 Management Comments (Appendix II, Financial Section, USAID FY 2014 Financial Report)

Agency for International Development

Accounting and Authentication of Drug Control Funds and Related Performance Report for 2014

Reference: ONDCP Circular: Drug Control Accounting (January 18, 2013)

6. Detailed Accounting Submission

6. a. Table of Prior Year Drug Control Obligations

Table 1 2014						
Agency for International Development						
Drug Control Obligations:						
						\$ In Millions
						FY 2014
						Actual
Drug Resources by Drug Control Function						
International						133.7
				Total		133.7
Drug Resources by Decision Unit						
Alternative Development and Alternative Livelihoods-Afghanistan						47.2
Alternative Development and Alternative Livelihoods-Andean Region						86.5
				Total		133.7
Drug Resources by Function and Decision Unit						
International-Alternative Development and Alternative Livelihoods-Afghanistan						47.2
International-Alternative Development and Alternative Livelihoods-Andean Region						86.5
				Total		133.7
Information						
Total Agency Budget*						10,433
Drug Related Percentage**						1.28%
* USAID 2014 Agency-wide Appropriations per 2014 Statement of Budgetary Resources						
** Total Drug Control Obligations divided by Total Agency Budget						

6. a. (1) Drug Methodology

All obligations provided in Table 1 were made from funds available during FY 2014, including any non-expired (multi-year) appropriations and are classified in USAID's accounting system of record in program area "1.4.2 - Alternative Development and Alternative Livelihood". USAID incurred these obligations during FY 2014.

At the request of ONDCP, we also report herein that during FY 2014 USAID obligated \$10 Million in the Andean Region from funds appropriated in FY 2014. This amount is included in Table 1, above.

6. a. (1) (a) Obligations by Budget Decision Unit

Table 1 shows Obligations by Decision Unit. All of the reported obligations supported programs in the decision units as defined for USAID in the ONDCP Circular, *Budget Formulation*, January 18, 2013.

6. a. (1) (b) Obligations by Drug Control Function

Table 1 shows Obligations by Drug Control Function. All of the reported obligations by Drug Control Function are calculated pursuant to a drug methodology.

6. a. (2) Methodology Modifications

The drug methodology for 2014 has been modified from the previous year, 2013 to include the funds available during FY2014, including any non-expired (multi-year) appropriations as defined in the ONDCP Circular, *Budget Formulation*, January 18, 2013. In the previous year, the table provided only obligations from the funds appropriated in the year being reported.

6. a. (3) Material Weaknesses or Other Findings

As identified in the U.S. Agency for International Development (USAID) Government Management Reform Act of 1994 audit and feedback provided in the enclosed FY2014 Independent Auditors' report (Enclosure 3), the Office of Inspector General (OIG) has issued a disclaimer of opinion on USAID's financial report with respect to the material weaknesses in USAID's reconciliation of its Fund Balance With Treasury account with Treasury and recording of adjustments to its general ledger. For each material weakness, corrective actions currently underway as identified in Management Comments (Enclosure 4).

6. a. (4) Reprogrammings or Transfers

USAID did not submit any reprogrammings or transfers to ONDCP in FY 2014.

6. a. (5) Other Disclosures

There is no other disclosure necessary to clarify any issues regarding the data reported under this circular.

6. b. Assertions

6. b. (1) Obligations by Budget Decision Unit

The Obligations reported by budget decision unit are the actual obligations from USAID's accounting system of record for the stated Budget Decision Units.

6. b. (2) Drug Methodology

The drug methodology used to calculate obligations of prior year budgetary resources by function and by budget decision unit is reasonable and accurate based on criterion (c) Financial Systems. The financial systems at USAID that support the drug methodology yield data that fairly presents, in all material respects, aggregate obligations from which the drug-related obligation amounts were derived.

6. b. (3) Application of Drug Methodology

The drug methodology disclosed in section 6 a. (1) Drug Methodology, above, was the actual methodology used to generate Table 1, above.

6. b. (4) Reprogrammings or Transfers

The data presented in Table 1, above, are associated with 2014 obligations against a financial plan. Also, as stated above in section **6. a. (4) Reprogrammings or Transfers** USAID did not submit any reprogrammings or transfers to ONDCP in FY 2014.

The financial plan against which the obligations in Table 1, above, are associated is USAID's FY 2014 Operational Plan. USAID Drug Related activities in that plan are identified as part of Strategic Objective 1.4.2 (Alternative Development and Alternative Livelihoods). Funds in Program Area 1.4.2 are posted in USAID's accounting system at the Activity level using Program Element A016 (Alternative Development and Alternative Livelihoods).

6. b. (5) Fund Control Notices

Not applicable. ONDCP did not issue any Fund Control Notices to USAID in FY 2014.

DEPARTMENT OF TRANSPORTATION



Office of Inspector General
Audit Report

**INSPECTOR GENERAL REVIEW OF FISCAL YEAR
2014 DRUG CONTROL FUNDS AND PERFORMANCE
SUMMARY REPORTING**

Federal Aviation Administration

Report Number: FI-2015-020

Date Issued: January 29, 2015





**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General
Washington, DC 20590

January 29, 2015

Ms. Michele Marx
Associate Director, Office of Management and Administration
Office of National Drug Control Policy
750 17th Street, N.W.
Washington, DC 20503

Dear Ms. Marx:

This report presents the results of our independent review of the U.S. Department of Transportation, Federal Aviation Administration's (FAA) fiscal year 2014 Drug Control Obligation Summary and Performance Summary reports to the Office of National Drug Control Policy (ONDCP). Both reports were received on January 13, 2015. The reports and our review are required by 21 U.S.C. §1704 (d) and ONDCP's January 2013 Circular, Accounting of Drug Control Funding and Performance Summary (Circular).

The Circular states that when drug-related obligations total less than \$50 million and a detailed accounting would constitute an unreasonable burden, agencies are permitted to submit alternative reports. Because its drug-related obligations for fiscal year 2014 totaled less than \$50 million, FAA submitted alternative reports. We reviewed FAA's reports and related management assertions to determine the reliability of those assertions in compliance with the Circular, in all material respects. We conducted our review in accordance with generally accepted Government auditing standards for attestation engagements. However, a review is substantially more limited in scope than an examination, which expresses an opinion on the accuracy of FAA's Drug Control Obligation Summary and Performance Summary reports. Because we conducted an attestation review, we do not express such an opinion.

Drug Control Obligations Summary

We performed review procedures on FAA's fiscal year 2014 Drug Control Obligation Summary (Enclosure) according to the criteria in the Circular. We limited our work to inquiries and analytical procedures appropriate for an

attestation review. Specifically, we tested selected accounting internal controls to ensure drug control funds were properly identified in the accounting system. We sampled and traced \$17.2 million of FAA's reported \$27.3 million in drug control obligations to the Department of Transportation's accounting system.

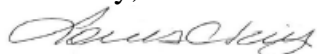
Performance Reporting Summary and Assertions

FAA's performance targets for fiscal year 2014 were to: (1) initiate regulatory investigations on 95 percent of all airmen involved in the sale or distribution of illegal drugs within 30 days of knowledge, notification by law enforcement, or a conviction; (2) ensure the aviation industry conducts random drug and alcohol testing of safety sensitive employees with results not exceeding 1 percent positives for drugs and 0.5 percent positives for alcohol; and (3) conduct 1,205 drug and alcohol inspections of the aviation industry to ensure compliance with Federal regulations. FAA indicated that it met all three performance targets.

We performed review procedures on FAA's fiscal year 2014 Performance Summary Report and management's assertions (Enclosure). We limited our review processes to inquiries and analytical procedures appropriate for an attestation review according to the criteria in the Circular. Specifically, we reviewed FAA's internal controls for performance measures to gain an understanding of how the measures were developed.

During our review, no information came to our attention that the accompanying FAA fiscal year 2014 Drug Control Obligation Summary and Performance Summary reports were not presented in conformity with ONDCP's Circular.

Sincerely,



Louis C. King
Assistant Inspector General for Financial and
Information Technology Audits

Enclosure(s)

cc: DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100



U.S. Department
of Transportation

**Federal Aviation
Administration**

**Assistant Administrator for Financial
Services and Chief Financial Officer**

**800 Independence Ave, SW
Washington, DC 20591**

Ms. Michele Marx
Acting Associate Director
Office of the National Drug Control Policy
Washington, DC 20503

Dear Ms. Marx:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issues January 18, 2013, the Federal Aviation Administration's (FAA) Fiscal Year 2014 Drug Control Obligation Summary is enclosed. FAA's obligations for drug-related activities fall below the reporting threshold of \$50 million; therefore, only a limited report is required to satisfy the statutory requirement.

FAA's point of contact for this report is David Albersheim He can be reached at (202) 267-8852, if further assistance is required.

Sincerely,

A handwritten signature in black ink that reads "Mark House".

Mark House
Chief Financial Officer

Enclosure



U.S. Department
of Transportation
**Federal Aviation
Administration**

**Assistant Administrator for Financial
Services and Chief Financial Officer**

**800 Independence Ave, SW
Washington, DC 20591**

JAN 13 2015

Ms. Michele Marx
Acting Associate Director
Office of the National Drug Control Policy
Washington, DC 20503

Dear Ms. Marx:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issues January 18, 2013, the Federal Aviation Administration's (FAA) Fiscal Year 2014 Drug Control Obligation Summary is enclosed. FAA's obligations for drug-related activities fall below the reporting threshold of \$50 million; therefore, only a limited report is required to satisfy the statutory requirement.

FAA's point of contact for this report is David Albersheim He can be reached at (202) 267-8852, if further assistance is required.

Sincerely,

A handwritten signature in black ink that reads "Mark House".

Mark House
Chief Financial Officer

Enclosure



U.S. Department
of Transportation

**Federal Aviation
Administration**

**Assistant Administrator for Financial
Services and Chief Financial Officer**

**800 Independence Ave. SW
Washington, D.C. 20591**

Ms. Michele Marx
Acting Associate Director
Office of the National Drug Control Policy
Washington, DC 20503

Dear Ms. Marx:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued January 18, 2013, the Federal Aviation Administration's (FAA) Fiscal Year 2014 Performance Summary Report is enclosed. As specified by the Circular, the Agency selected two performance measures for Aviation Safety (AVS) for FY 2014 and one performance measure for Security and Hazardous Materials (ASH) for FY 2014 to assess its success in reducing the prevalence of drug and alcohol-impaired personnel who perform sensitive duties within the aviation industry and in initiating regulatory action against airmen involved in the sale or distribution of illegal drugs. Additional metrics are included in the body of the enclosures for FYs 2008 through 2013. These performance measures reflect a critical milestone in the goal to promote the safety and security of the National Air Space (NAS) and the flying public. These performance measures are:

1. Initiate regulatory investigations on 95% of all airmen involved in the sale or distribution of illegal drugs within 30 days of knowledge or a conviction or notification by law enforcement (ASH).
2. Ensure the aviation industry conducts random drug and alcohol testing of safety-sensitive employees with results not exceeding one percent (1%) positives for drugs and one-half percent (0.5%) positives for alcohol (AVS).
3. Conduct 1,205 FAA drug and alcohol inspections of the aviation industry to ensure compliance with 14 CFR part 120 and 40 CFR part 49 (AVS).

Assertions

1. **Performance reporting system is appropriate and applied:** Performance information for the first measure relies on official Agency data residing in the Investigations Tracking System (ITS) and Enforcement Information System (EIS)¹. Data resident in ITS/EIS includes: the date of the offense, when first known to FAA, start date of the action, source of the information, and final sanction.

For measures two and three, the information relies on surveys conducted by the Agency of all part 121 operators and all other employers with 50 or more safety-sensitive employees. The latter provide to FAA annual report of their testing results. The remaining employers with 49 or fewer safety-sensitive employees are randomly chosen to

¹ ITS and EIS are FAA's system for tracking investigations and information about enforcement actions for statutory or regulatory violations.

submit an annual report.

No performance measure was reported for one of the three Lines of Business because its work structure does not lend itself to the development and tracking of such metrics and is not cost-effective to the government to do so. Consequently, FAA will work with ONDCP to develop a measure beneficial and cost effective to both organizations. Additional information can be found in enclosures.

2. **Explanations for not meeting performance targets are reasonable:** Targets met.
3. **Methodology to establish performance targets is reasonable and applied:** Data collection for the first measure is based on official FAA databases. For the last two measures, the Department of Transportation (DOT) requires the Agency to determine these measures using the Drug and Alcohol Management Information System (DAMIS) reporting. Due to the reporting methodology, this sampling of DAMIS reporting is always one calendar year behind. Additional information can be found in the enclosed Summary Reports.
4. **Adequate performance measures exist for all significant drug control activities:** The measures used to describe the Agency's performance adequately reflect key steps toward the prevention and detection of drug related activities in the NAS. These measures provide a meaningful assessment of progress toward the development of safe and reliable airspace.

FAA's points of contact for this report are as follows:

ASH: Elena Loboda, (202) 267-4914

AVS: Carol Kelly, (202) 267-3769

ATO: Ernest Barber, (202) 385-8499

Sincerely,



Mark House,
Chief Financial Officer

Obligations Summary
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
(\$ in thousands)

RESOURCE SUMMARY

	FY 2014 Obligations
Drug Resources by Budget Decision Unit and Function:	
Decision Unit: Air Traffic Organization	
Total, Air Traffic Organization	\$ 10,150.00
Decision Unit: Aviation Safety/Aerospace Medicine	
Prevention	\$ 14,597.00
Total, Aviation Safety/Aerospace Medicine	\$ 14,597.00
Decision Unit: Security and Hazardous Material Safety	
Intelligence Interdiction & State/Local Assistance	\$ 2,600.00
Total, Security and Hazardous Material Safety	\$ 2,600.00
Total Funding	\$ 27,347.00
Drug Resources Personnel Summary	
Total FTEs (direct only)	166
Air Traffic Organization	59
Aviation Safety/Aerospace Medicine	87
<i>Investigations: Industry Drug Abatement</i>	[5]
<i>Prevention: Industry Drug Abatement</i>	[67]
<i>Prevention: Internal Substance Abuse Program</i>	[15]
Security & Hazardous Materials Safety	20

Office of Inspector General
Audit Report

**INSPECTOR GENERAL REVIEW OF FISCAL
YEAR 2014 DRUG CONTROL FUNDS AND
PERFORMANCE SUMMARY REPORTING**

National Highway Traffic Safety Administration

Report Number: FI-2015-019

Date Issued: January 29, 2015





**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General
Washington, DC 20590

January 29, 2015

Ms. Michele Marx
Associate Director, Office of Management and Administration
Office of National Drug Control Policy
750 17th Street, N.W.
Washington, DC 20503

Dear Ms. Marx:

This report presents the results of our independent review of the U.S. Department of Transportation, National Highway Traffic Safety Administration's (NHTSA) fiscal year 2014 Drug Control Obligation Summary and Performance Summary reports to the Office of National Drug Control Policy (ONDCP). Both reports were received on January 14, 2015. The reports and our review are required by 21 U.S.C. §1704 (d) and ONDCP's January 2013 Circular, Accounting of Drug Control Funding and Performance Summary (Circular).

The Circular states that when drug-related obligations total less than \$50 million and a detailed accounting would constitute an unreasonable burden, agencies are permitted to submit alternative reports. Because its drug-related obligations in fiscal year 2014 totaled less than \$50 million, NHTSA submitted alternative reports. We reviewed NHTSA's reports and related management assertions to determine the reliability of those assertions in compliance with the Circular, in all material respects. We conducted our review in accordance with generally accepted Government auditing standards for attestation engagements. However, a review is substantially more limited in scope than an examination, which expresses an opinion on the accuracy of NHTSA's Drug Control Obligation Summary and Performance Summary reports. Because we conducted an attestation review, we do not express such an opinion.

Drug Control Obligations Summary

We performed review procedures on NHTSA's fiscal year 2014 Drug Control Obligation Summary (Enclosure 1) according to the criteria in the Circular. We limited our work to inquiries and analytical procedures appropriate for an attestation review. Specifically, we tested selected accounting internal controls to

ensure drug control funds were properly identified in the accounting system. We were able to trace approximately \$1.9 million in drug control obligations to the Department of Transportation's accounting system; we verified that these obligations were supported by contracts. We noted one exception. NHTSA's Drug Control Obligation Summary Report indicates that it obligated \$2.238 million for fiscal year 2014. However, NHTSA did not obligate \$338,000 of this amount. According to management, the \$338,000 will be added to its fiscal year 2015 spending plan.

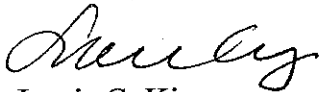
Performance Reporting Summary and Assertions

NHTSA's performance target for fiscal year 2014 was to complete data analyses, and prepare a final report on the 2013 National Roadside Survey of Alcohol and Drug Use by Drivers. NHTSA indicated that it completed these tasks and will be releasing its report early February 2015.

We performed review procedures on NHTSA's fiscal year 2014 Performance Summary Report and management's assertions (Enclosure 2). We limited our review processes to inquiries and analytical procedures appropriate for an attestation review according to the criteria in the Circular. Specifically, we reviewed NHTSA's internal controls for performance measures to gain an understanding of how the measures were developed.

Other than the exception to the Obligation Summary report, no information came to our attention that the accompanying NHTSA fiscal year 2014 Drug Control Obligation Summary and Performance Summary reports were not presented in conformity with ONDCP's Circular.

Sincerely,



Louis C. King
Assistant Inspector General for Financial and
Information Technology Audits

Enclosure(s)

cc: DOT Audit Liaison, M-1
NHTSA Audit Liaison, NPO-310



U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

1200 New Jersey Avenue SE.
Washington, DC 20590

January 14, 2015

Mr. Jon E. Rice
Associate Director for Performance and Budget
Office of National Drug Control Policy
Washington, DC 20503

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued January 18, 2013, the National Highway Traffic Safety Administration's (NHTSA) Fiscal Year (FY) 2013 Drug Control Obligation Summary is enclosed. NHTSA's obligations for drug-related activities fall below the reporting threshold of \$50 million; therefore, only a limited report is required to satisfy the statutory requirement.

Please note FY 2014 - 2016 funding is based on the Moving Ahead for Progress in the 21st Century (MAP-21) authorization. While MAP-21 did not provide direct authorization for drug impaired driving research as in the previous authorization, the Highway Research program anticipates spending additional funding for drug impaired driving research out of its core budget to conduct research and evaluation.

I hope this information is helpful. If you need further assistance, please contact Ms. Melanie O'Donnell at (202) 366-0689.

Sincerely yours,

Mary G. Sprague
Acting Chief Financial Officer
Office of Policy and Operations

Enclosure

DEPARTMENT OF TRANSPORTATION
National Highway Traffic Safety Administration

Resource Summary

	Budget Authority (in Millions)		
	FY 2014 Enacted*	FY 2015 President's Budget**	FY 2016 Request***
Drug Resources by Function			
Prevention	\$1.488	\$1.488	\$1.488
Research	\$0.750	\$0.750	\$0.750
Total Drug Resources by Function	\$2.238	\$2.238	\$2.238
Drug Resources by Decision Unit			
Drug Impaired Driving Prevention	\$1.488	\$1.488	\$1.488
Drug Impaired Driving Research	\$0.750	\$0.750	\$0.750
Total Drug Resources by Decision Unit	\$2.238	\$2.238	\$2.238
Drug Resources Personnel Summary			
Total FTEs (direct only)	2	2	2
Drug Resources as a Percent of Budget			
Total Agency Budget (in Billions)	\$0.83	\$0.85	\$0.92
Drug Resources Percentage	0.27%	0.26%	0.24%

* FY 2014 is based on the Moving Ahead for Progress in the 21st Century (MAP-21) authorization. MAP-21 does not reflect the \$1.2 M that had been authorized under section 2013(F) of SAFETEA-LU. While there is no direct authorization for drug impaired driving research in MAP-21, the Highway Research program anticipates spending an additional \$750K for drug impaired driving research out of its core budget to conduct research and evaluation.

** FY 2015 is based on the Grow America Act authorization, which takes effect once the appropriation bill is passed for FY 2015. While there is no direct authorization for drug impaired driving research in the grow America Act, the Highway Research program anticipates spending an additional \$750K for drug impaired driving research out of its core budget to conduct research and evaluation.

*** FY 2016 is based on the budget submission forwarded to the Secretary of the Department of Transportation, which is currently under review for submission to the Office of Management and Budget (OMB), and is subject to change



U.S. Department
of Transportation

**National Highway
Traffic Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

January 14, 2015

Mr. Jon E. Rice
Associate Director for Performance and Budget
Office of National Drug Control Policy
Washington, DC 20503

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued January 18, 2013, the National Highway Traffic Safety Administration's (NHTSA) Fiscal Year 2013 Performance Summary Report is enclosed. As specified by the Circular, the Agency selected a performance measure for 2007 to assess its success in reducing drug impaired driving, followed by complementary measures in 2008 through 2015. These measures track the progress of critical steps toward the development of a reliable and accurate measure of the drug-impaired driving problem by increasing the Agency's understanding of the extent of drug use among drivers, and the role of drugs in crash causation. These performance measures are:

1. Select representative survey sites and secure local cooperation as part of a National Roadside survey of Alcohol and Drugged Driving (FY 2007).
2. Collect and analyze oral fluids and blood samples as part of a National Roadside Survey of Alcohol and Drugged Driving (FY 2008).
3. Develop and recommend methods for detecting the presence of major illegal drugs in drivers as part of a Study to Identify Methods and Technologies to Measure Drug Presence Amongst Drivers (FY 2009).
4. Complete study design and procedures for a landmark Case Control Study of Crash Risk of Drug-Impaired Drivers (FY 2010).
5. Collect data from 1250 crashes for the Case Control Study of the Crash Risk of Drug-Impaired Drivers (FY 2011).
6. Develop and pilot test an online version of the Advanced Roadside Impaired Driving Enforcement (ARIDE) training program (FY 2012).
7. Complete data analysis and prepare a final report on a Case Control Study of the Crash Risk of Drug-Impaired Driving (FY 2013).
8. Complete data analysis and prepare a final report on the 2013 National Roadside Survey of Alcohol and Drug Use by Drivers (FY 2014).
9. Complete data collection on a field test of oral fluid drug screening devices (FY 2015).
10. Complete study design, recruit site, and implement data collection (FY 2016)

ASSERTIONS

1. **Performance reporting system is appropriate and applied:** In FY 2013, NHTSA completed analysis of data collected in a study of the relative risk of crash involvement by drivers using alcohol and other drugs. Data was collected from more than 3,000 crash-involved drivers and 6,000 non-crash involved (control) drivers. The crash-involved drivers were recruited at the locations where crashes occurred one week later (two controls for each crash-involved driver), randomly elected from traffic passing the crash location, driving in the same direction of travel, day of week and time of day. Research teams operated 24 hours a day, seven days a week. Report preparation is nearing completion and draft materials are undergoing review. Completion of formal agency review and the release of the results of the study will occur in 2014.
2. **Explanations for not meeting performance targets are reasonable:** Target met.
3. **Methodology to establish performance targets is reasonable and applied:** Data collection for the National Roadside Survey of Alcohol and Drugged Driving was based on a probabilistic design, using traffic volume and demographic variables to ensure a statistically representative sample. Details of the methodology and findings are included in the Research Note (DOT HS 811 175). Methodology for the 2010 and 2011 performance measures is based on records and documentation of successful achievement of the study objectives.
4. **Adequate performance measure exist for all significant drug control activities:** The measures used to describe the Agency's drug impaired driving program performance adequately reflect key steps toward the completion of necessary studies to increase general knowledge of the drugged driving problem. These measures provide a meaningful assessment of progress toward the development of reliable and accurate measures of the drugged driving problem in the United States.

I hope this information is helpful. If you need further assistance, please contact Ms. Melanie O'Donnell at (202) 366-0689.

Sincerely yours,



Mary G. Sprague
Acting Chief Financial Officer
Office of Policy and Operations

Enclosure

DEPARTMENT OF THE TREASURY





*Independent Attestation Review of the
Internal Revenue Service's Fiscal Year 2014
Annual Accounting of Drug Control Funds
and Related Performance*

December 19, 2014

Reference Number: 2015-10-010

This report remains the property of the Treasury Inspector General for Tax Administration (TIGTA) and may not be disseminated beyond the Internal Revenue Service without the permission of TIGTA.

This report may contain confidential return information protected from disclosure pursuant to I.R.C. § 6103(a). Such information may be disclosed only to Department of the Treasury employees who have a need to know this information in connection with their official tax administration duties.

Phone Number / 202-622-6500

E-mail Address / TIGTACommunications@tigta.treas.gov

Website / <http://www.treasury.gov/tigta>



HIGHLIGHTS

INDEPENDENT ATTESTATION REVIEW OF THE INTERNAL REVENUE SERVICE'S FISCAL YEAR 2014 ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE

Highlights

**Final Report issued on
December 19, 2014**

Highlights of Reference Number: 2015-10-010 to the Internal Revenue Service Chief Financial Officer and Chief, Criminal Investigation.

IMPACT ON TAXPAYERS

TIGTA reviewed the assertions in the IRS's Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission and Performance Summary Report for Fiscal Year 2014. IRS management is responsible for preparing the report.

The IRS supports the National Drug Control Strategy through its continued support of the Organized Crime Drug Enforcement Task Force. Complete and reliable financial and performance information is critical to the IRS's ability to accurately report on the results of its operations to both internal and external stakeholders, including taxpayers.

WHY TIGTA DID THE AUDIT

This review was conducted as required by the ONDCP and ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. The National Drug Control Program agencies are required to submit to the Director of the ONDCP, not later than February 1 of each year, a detailed accounting of all funds expended (the ONDCP Circular requires amounts obligated) during the previous fiscal year. Agencies also need to identify and document performance measure(s) that show the results associated with these expenditures.

The Chief Financial Officer, or another accountable senior-level executive, of each agency for which a Detailed Accounting

Submission is required shall provide a Performance Summary Report to the Director of the ONDCP. Further, the ONDCP Circular requires that each report be provided to the agency's Inspector General for the purpose of expressing a conclusion about the reliability of each assertion made in the report prior to its submission.

WHAT TIGTA FOUND

Based on our review, nothing came to our attention that caused us to believe that the assertions in the Detailed Accounting Submission and Performance Summary Report are not fairly presented in all material respects in accordance with the ONDCP's established criteria.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations as a result of the work performed during this review. However, key IRS officials reviewed this report prior to its issuance and agreed with the facts and conclusions presented.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 19, 2014

MEMORANDUM FOR CHIEF FINANCIAL OFFICER
CHIEF, CRIMINAL INVESTIGATION

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Independent Attestation Review of the Internal Revenue Service’s Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance (Audit # 201410020)

This report presents the results of our attestation review of the Internal Revenue Service’s Fiscal Year 2014 Office of National Drug Control Policy Detailed Accounting Submission and Performance Summary Report (the report). The overall objective of this review was to express a conclusion about the reliability of each assertion made in the report. This review is included in our Fiscal Year 2015 Annual Audit Plan and addresses the major management challenge of Achieving Program Efficiencies and Cost Savings.

The Treasury Inspector General for Tax Administration made no recommendations as a result of the work performed during this review. However, key Internal Revenue Service officials reviewed this report prior to its issuance and agreed with the facts and conclusions presented.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the audit report. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).



*Independent Attestation Review of the Internal Revenue
Service's Fiscal Year 2014 Annual Accounting of Drug Control
Funds and Related Performance*

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*Independent Attestation Review of the Internal Revenue
Service's Fiscal Year 2014 Annual Accounting of Drug Control
Funds and Related Performance*

Abbreviations

FY	Fiscal Year
IRS	Internal Revenue Service
ONDCP	Office of National Drug Control Policy



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

Background

The Anti-Drug Abuse Act of 1988¹ establishes as a policy goal the creation of a drug-free America. A key provision of the act is the establishment of the Office of National Drug Control Policy (ONDCP) to set priorities, implement a national strategy, and certify Federal Government drug control budgets. The Internal Revenue Service (IRS) supports the National Drug Control Strategy through its continued support of the Organized Crime Drug Enforcement Task Force. The mission of the IRS's Criminal Investigation in Federal law enforcement's anti-drug efforts is to reduce or eliminate the financial gains (profits) of major narcotics trafficking and money laundering organizations through the use of its unique financial investigative expertise and statutory jurisdiction.

National Drug Control Program agencies are required to submit to the Director of the ONDCP, not later than February 1 of each year, a detailed accounting of all funds expended during the previous fiscal year.

This review was conducted as required by the ONDCP and ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. The National Drug Control Program agencies² are required to submit to the Director of the ONDCP, not later than February 1 of each year, a detailed accounting of all funds expended (the ONDCP Circular requires amounts obligated) during the previous fiscal year.³ Agencies also need to identify and document performance measure(s) that show the results associated with these expenditures. The Chief Financial Officer, or another accountable senior-level executive, of each agency for which a Detailed Accounting Submission is required shall provide a Performance Summary Report to the Director of the ONDCP. Further, the ONDCP Circular requires that each report be provided to the agency's Inspector General for the purpose of expressing a conclusion about the reliability of each assertion made in the report prior to its submission.

For Fiscal Year (FY) 2014 and future years, the IRS elected to modify the methodology it uses to report ONDCP expenditures to include costs applicable to all narcotics investigations. Previously, the IRS reported only costs applicable to narcotics investigations performed as part of a coordinated task force. The IRS stated that it made this change to allow it to more comprehensively report the resources it devotes to the National Drug Control Strategy. This

¹ Pub. L. No. 100-690, 102 Stat. 4181 (1988).

² A National Drug Control Program agency is defined as any agency that is responsible for implementing any aspect of the National Drug Control Strategy.

³ Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.



*Independent Attestation Review of the Internal Revenue
Service's Fiscal Year 2014 Annual Accounting of Drug Control
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change was approved by the ONDCP. The reporting of FY 2014 performance was similarly modified to include accomplishments applicable to all narcotics investigations.

This review was performed at the IRS Headquarters offices of the Chief Financial Officer and Chief, Criminal Investigation, in Washington, D.C., during the period June through December 2014. Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and in compliance with generally accepted government auditing standards. In general, our review procedures were limited to inquiries and analytical procedures appropriate for an attestation review based upon the criteria in the ONDCP Circular. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



*Independent Attestation Review of the Internal Revenue
Service's Fiscal Year 2014 Annual Accounting of Drug Control
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Results of Review

***Summary of the Independent Attestation Review of the Fiscal
Year 2014 Office of National Drug Control Policy Detailed Accounting
Submission and Performance Summary Report***

We reviewed the assertions in the IRS's ONDCP Detailed Accounting Submission and Performance Summary Report (the report) for FY 2014, which ended September 30, 2014 (see Appendix IV). The report was prepared pursuant to 21 U.S.C. 1704 (d) and the ONDCP Circular. IRS management is responsible for preparing the report.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and in compliance with generally accepted government auditing standards. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the report. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertions in the report are not fairly presented in all material respects in accordance with the ONDCP's established criteria.

While this report is an unrestricted public document, the information it contains is intended solely for the use of the IRS, the U.S. Department of the Treasury, the ONDCP, and Congress. It is not intended to be used by anyone other than the specified parties.



*Independent Attestation Review of the Internal Revenue
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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to perform an independent attestation review of the IRS's reporting of FY¹ 2014 ONDCP expenditures and related performance for the purpose of expressing a conclusion about the reliability of each assertion made in the Detailed Accounting Submission and Performance Summary Report. To accomplish our objective, we:

- I. Obtained an understanding of the process used to prepare the FY 2014 Detailed Accounting Submission and Performance Summary Report.
 - A. Discussed the process used to record ONDCP expenditures and performance information with responsible IRS personnel.
 - B. Obtained any documents such as written procedures and supporting worksheets that evidence the methodology used.
- II. Evaluated the reasonableness of the drug methodology process for detailed accounting submissions.
 - A. Reviewed data supporting the Detailed Accounting Submission to establish the relationship to the amounts being reported.
 - B. Verified whether all drug-related activities are reflected in the drug methodology.
 - C. Obtained documentation to support any modifications to the drug methodology and verified that the modifications were submitted to the ONDCP for review prior to implementation.
- III. Performed selected reviews of reported obligations in the Detailed Accounting Submission.
 - A. Verified that the Detailed Accounting Submission included all of the elements specified in Section 6 of the ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary*.
 - B. Verified the mathematical accuracy of the obligations presented in the Table of FY 2014 Drug Control Obligations.
 - C. Traced the information contained in the Table of FY 2014 Drug Control Obligations to the supporting documentation.

¹ Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

- IV. Evaluated the reasonableness of the methodology used to report performance information for National Drug Control Program activities.
 - A. Reviewed data supporting the Performance Summary Report to establish the relationship to the National Drug Control Program activities.
 - B. Verified whether all drug-related activities are reflected in the performance information.
- V. Performed sufficient verifications of reported performance information to support our conclusion on the reliability of the assertions.
 - A. Verified that the Performance Summary Report included all of the elements specified in Section 7 of the ONDCP Circular.
 - B. Verified the mathematical accuracy of the performance information presented.
 - C. Traced the performance information presented to the supporting documentation.
 - D. Reviewed the supporting documentation for reasonableness.



*Independent Attestation Review of the Internal Revenue
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Appendix II

Major Contributors to This Report

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)

Alicia P. Mrozowski, Director

Anthony J. Choma, Audit Manager

Michele N. Strong, Lead Auditor

Trisa Brewer, Auditor

Rashme Sawhney, Auditor



*Independent Attestation Review of the Internal Revenue
Service's Fiscal Year 2014 Annual Accounting of Drug Control
Funds and Related Performance*

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Operations Support OS
Deputy Commissioner for Services and Enforcement SE
Deputy Chief, Criminal Investigation SE:CI
Deputy Chief Financial Officer OS:CFO
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaisons:
 Chief, Criminal Investigation SE:CI
 Chief Financial Officer OS:CFO



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

Appendix IV

*Internal Revenue Service's Fiscal Year 2014
Detailed Accounting Submission and
Performance Summary Report¹*



CHIEF FINANCIAL OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

November 12, 2014

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Robin L. Canady *Robin L. Canady*
Chief Financial Officer

SUBJECT: Annual Accounting and Authentication of Fiscal Year (FY) 2014
Drug Control Funds, Related Performance, and Assertion of
Performance Information

The purpose of this memorandum is to transmit the IRS FY 2014 Annual Accounting and Authentication of Drug Control Funds and Related Performance Report, as directed in the Office of National Drug Control Policy (ONDCP) Circular: Accounting of Drug Control Funding and Performance Summary, dated January 18, 2013. This circular requires the Treasury Inspector General for Tax Administration (TIGTA) to perform an attestation review before the IRS submits this document to the ONDCP. After IRS receives TIGTA's conclusion as to the reliability of each assertion, I will forward the document to the ONDCP.

If you have any questions, please contact me at (202) 317-6400, or have a member of your staff contact Jeffrey Zottola, Acting Associate Chief Financial Officer for Corporate Budget, at (202) 317-4038.

Attachments (2)

¹ Attachment 2 - Organized Crime Drug Enforcement Task Force Program - Year End Financial Projection is not part of the Detailed Accounting Submission and Performance Summary Report that the Treasury Inspector General for Tax Administration is responsible for auditing.



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

Attachment 1
November, 2014

INTERNAL REVENUE SERVICE
Annual Accounting and Authentication of Drug Control Funds and Related Performance

DETAILED ACCOUNTING SUBMISSION

A. Table of Fiscal Year (FY) 2014 Drug Control Obligations

	Narcotics	OCDETF
Drug Resources by Function	(\$000)	(\$000)
Investigations	\$63,572	\$58,200
Total	\$63,572	\$58,200
Drug Resources by Decision Unit		
Narcotics Crimes	\$63,572	\$58,200
Total	\$63,572	\$58,200

1) Drug Methodology

- a) All Drug Control Obligations (the resources appropriated and available for these activities) are reported under one Drug Control Function and one Budget Decision Unit, as shown in the above chart.
- b) The Internal Revenue Service (IRS) Drug Control Budget encompasses the Criminal Investigation (CI) Narcotics Program¹. CI's overall Direct Investigative Time (DIT) applied to narcotics investigations for FY 2014 was 11.4 percent of total DIT with 91.2percent of the DIT being applied to Organized Crime and Drug Enforcement Task Force (OCDETF) investigations.

The methodology for computing the resources appropriated and realized for the Narcotics Program is the application of the DIT attributable to narcotics investigations and applying the DIT percentage to the total realized appropriated resources, reduced by reimbursable funds and Earned Income Tax Credit (EITC) resources, for the year for which the resources are being reported. The result is determined to be the amount of resources expended on the Narcotics Program. This methodology was approved by CI, the IRS Chief Financial Officer, and the Office of National Drug Control Policy (ONDCP) during FY 2014 and is effective for FY2014 and all subsequent fiscal years.

¹ The IRS-CI Narcotics Program consist of 5 sub-programs which include: Organized Crime Drug Enforcement Task Forces (OCDETF); High Intensity Drug Trafficking Area (HIDTA); HIDTA-OCDETF; Terrorism-OCDETF; and Narcotics-Other.



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

Attachment 1
November, 2014

2) Methodology Modifications

In recent discussions with ONDCP's Office of Budget and Performance, CI learned that the funding it receives through the earmark is not limited to participation in the OCDETF program but should include all narcotics-related activities. Since 2006, CI has reported only the investigative resources and the related performance measures applied to the OCDETF sub-programs. This methodology of only reporting the OCDETF sub-programs allowed IRS-CI to meet its ONDCP funding mandates; however, it did not completely capture the total resources applied by CI to support the U.S. Government's National Drug Control Strategy.

During FY 2014, CI submitted a request to ONDCP for approval to change the methodology from only reporting the OCDETF sub-programs to reporting all narcotics sub-programs. On September 19, 2014, ONDCP approved this change effective for FY2014 and all subsequent fiscal years. The inclusion of all narcotics program resources will provide CI an ability to completely capture and report the resources being applied to support the U.S. Government's National Drug Control Strategy. The change in methodology will provide CI an increased ability, both presently and in future fiscal years, to meet its obligations for its receipt of Interagency Crime and Drug Enforcement (ICDE) funding.

3) Material Weaknesses or Other Findings

None

4) Reprogramming or Transfers

None

5) Other Disclosures

None

B. Assertions

1) Obligations by Budget Decision Unit

Obligations reported by the Budget Decision Unit are a result of applying DIT data derived from the Criminal Investigation Management Information System (CIMIS) to the actual obligations from the CI realized Financial Plan, less reimbursements and EITC funds.



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

Attachment 1
November, 2014

2) Drug Methodology

The methodology used to calculate obligations of prior-year budgetary resources restricted DIT to investigative resources applied to investigations designated as OCDEF and omitted resources applied to non-OCDEF investigations. This methodology did not accurately reflect the total investigative resources expended on counter-narcotics/money laundering investigations. Inclusion of the non-OCDEF narcotics sub-programs more accurately reflects the resources currently being committed by IRS-CI to support the President's Strategy to Combat Transnational Organized Crime, U.S. Government's National Drug Control Strategy, and the National Money Laundering Strategy without a significant increase in resources.

a) Data

Data is derived from CIMIS to determine the DIT applied to the Narcotics Program. Each special agent submits CIMIS time reports monthly detailing their activities relating to specific investigations. Each investigation is associated with a specific program and sub-program area. The percentage of DIT applied to each program area is calculated monthly with a final annual percentage determined after the close of the fiscal year to determine the total resources expended to support the U.S. Government's National Drug Control Strategy. The annual percentage of DIT relating to all narcotics sub-programs is applied to the total resources expended for FY 2014 in the CI Appropriated Enforcement Budget (excluding reimbursables and EITC).

b) Other Estimation Methods

None

c) Financial Systems

The IRS Integrated Financial System (IFS) is the final authority for the IRS resource obligations and yields data which fairly presents drug-related obligation estimates.

4) Application of Drug Methodology

The methodology disclosed in this section was the actual methodology used to generate the required table and meets all requirements described in Section 6 of the ONDCP Circular: Accounting of Drug Control Funding and Performance Summary. Calculations made using this methodology are sufficiently documented to independently reproduce all data and ensure consistency between reporting years.



Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2014 Annual Accounting of Drug Control Funds and Related Performance

Attachment 1
November, 2014

5) Reprogramming or Transfers

The data presented is associated with obligations against a financial plan and properly reflects any revisions occurring during the fiscal year.

6) Fund Control Notices

Criminal Investigation asserts the data presented is associated with obligations against a financial plan that fully complied with all fund control notices issued by the Director under 21 U.S.C. § 1703(f) and Section 9 of the ONDCP Circular: Budget Execution, as applicable.

C. Performance Summary Report

1) Performance Reporting

a) Performance Measures

The IRS reviewed performance measures used by other agencies that support the National Drug Control Strategy as well as budget-level performance measures that are already used to address the effectiveness of CI activities. As a result of the review, the IRS determined that, in addition to the number of subject criminal investigations completed, the most appropriate performance measures to evaluate its contribution to the National Drug Control Strategy were number of convictions and conviction rate. These are both budget-level performance measures already used by CI to evaluate its performance as a whole. Criminal investigations completed for the Narcotics Program and all other programs are defined as total subject criminal investigations completed during the fiscal year, including those resulting in a prosecution recommendation to the DOJ, discontinuance due to lack of evidence, or a finding that the allegation was false (or other reasons). Convictions are defined as the total number of subject criminal investigations with CIMIS status codes of guilty plea, nolo-contendere, judge guilty, or jury guilty. Conviction rate is defined as the total number of subject criminal investigations with CIMIS status codes of guilty plea, nolo-contendere, judge guilty, or jury guilty divided by these status codes nolle prosequi, judge dismissed, and jury acquittal.

DEPARTMENT OF VETERANS AFFAIRS



VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

*Independent Review of
the FY 2014 Detailed
Accounting Submission to
the Office of National Drug
Control Policy*

March 5, 2015
15-00874-131

ACRONYMS

DSS	Decision Support System
FY	Fiscal Year
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
VA	Department of Veterans Affairs
VHA	Veterans Health Administration

To Report Suspected Wrongdoing in VA Programs and Operations:

Telephone: 1-800-488-8244

Email: vaoighotline@va.gov

(Hotline Information: www.va.gov/oig/hotline)

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EXECUTIVE SUMMARY

The Office of Inspector General is required to review the Department of Veterans Affairs' (VA) Fiscal Year 2014 Detailed Accounting Submission (Submission) to the Director, Office of National Drug Control Policy (ONDCP). This is pursuant to ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary* (Circular), dated January 18, 2013, and as authorized by 21 U.S.C. §1704(d). The Submission is the responsibility of VA's management and is included in this report as an Attachment.

We reviewed VA's management's assertions, as required by the Circular, concerning its drug methodology, reprogrammings and transfers, and fund control notices. The assertions are found in the Submission on page 9 of this report.

We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the applicable 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 an examination is the expression of an opinion on the assertions in the Submission. Accordingly, we do not express such an opinion.

Our report, *Audit of VA's Financial Statements for Fiscal Years 2014 and 2013* (Report No. 14-01504-32, dated November 12, 2014), identified one material weakness, information technology security controls, which is a repeat condition. We also identified two significant deficiencies, financial reporting and accrued operating expenses. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

Based upon our review, except for the effects, if any, of the material weakness discussed in the previous paragraph, nothing came to our attention that caused us to believe that management's assertions included in the accompanying Submission of this report are not fairly stated in all material respects based on the criteria set forth in the Circular. The Department concurred with our report without further comments.

A handwritten signature in black ink that reads "Nick Dahl".

NICK DAHL
Director
Bedford Audit Division

VA's Management Representation Letter

Department of Veterans Affairs

Memorandum

Date: December 18, 2014

From: Chief Financial Officer, Veterans Health Administration
Associate Chief Financial Officer, Veterans Health Administration
Director of Budget Services, Veterans Health Administration

Subj: Management Representation Letter for the Independent Review of VA's
Fiscal Year 2014 Detailed Accounting Submission to the Office of National
Drug Control Policy (Project Number 2015-00874-R1-0047)

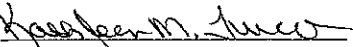
To: Assistant Inspector General for Audits and Evaluations (52)

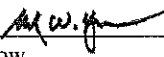
We are providing this letter in connection with your attestation review of our Detailed Accounting Submission to the Director, Office of National Drug Control Policy (ONDCP).

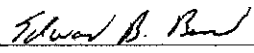
We confirm, to the best of our knowledge and belief, that the following representations made to you during your attestation review are accurate and pertain to the fiscal year ending on September 30, 2014.

1. We confirm that we are responsible for and have made available to you the following:
 - a. The Table of Drug Control Obligations and related assertions;
 - b. All financial records and related data relevant to the Detailed Accounting Submission; and,
 - c. Communications from the Office of National Drug Control Policy and other oversight bodies concerning the Detailed Accounting Submission.
2. No reprogramming or transfer of funds from drug related resources, as identified in the Fiscal Year 2014 financial plan, occurred in Fiscal Year 2014.
3. We understand your review will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination and accordingly, you will not express an opinion on the Table of Drug Control Obligations and related disclosures.

4. No events have occurred subsequent to September 30, 2014, that would have an effect on the Detailed Accounting Submission.

Signature: 
Kathleen M. Turco, M.B.A.
Chief Financial Officer (10A3)
Veterans Health Administration

Signature: 
Mark W. Yow
Associate VHA Chief Financial Officer
Resource Management (10A3B)

Signature: 
Calvin L. Seay, Jr.
Director of Budget Services
Resource Management (10A3B)

cc: Veterans Health Administration Audit Liaison (10B5)

VA's FY 2014 Detailed Accounting Submission

**Statement of Disclosures and Assertions for FY 2014 Drug Control Obligations
Submitted to Office of National Drug Control Policy (ONDCP) for FY Ending
September 30, 2014**

In accordance with ONDCP's Circular, Drug Control Accounting, dated January 18, 2013, the Veterans Health Administration asserts that the VHA system of accounting, use of obligations, and systems of internal controls provide reasonable assurance that:

Obligations are based upon the actual expenditures as reported by the Decision Support System (DSS).

The methodology used to calculate obligations of budgetary resources is reasonable and accurate in all material respects and as described herein was the actual methodology used to generate the costs.

Accounting changes are as shown in the disclosures that follow.

Attachment

DEPARTMENT OF VETERANS AFFAIRS
 VETERANS HEALTH ADMINISTRATION
 Annual Reporting of FY 2014 Drug Control Funds
 DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2014 Drug Control Obligations

Description	FY 2014 Final (Millions)
Drug Resources by Budget Decision Unit:	
Medical Care	\$646.550
Medical & Prosthetic Research	\$23.664
Total	\$670.214
Drug Resources by Drug Control Function:	
Treatment	\$646.550
Research & Development	\$23.664
Total	\$670.214

1. Drug Control Methodology

The Table of FY 2014 Drug Control Obligations (above) and the Resource Summary showing obligations and FTE (Full-Time Equivalent) for Substance Abuse treatment in VHA are based on specific patient encounters. This is for all inpatient and outpatient episodes of care whether provided by VHA staff or purchased in the community. The source data for VHA inpatient care is the Patient Treatment File (PTF). For Outpatient Care it is the National Patient Care Database Encounter file (SEFILE). For contract care it is either the PTF or the hospital payment file. For outpatient FEE Care it is the Provider Payment file.

All of these data sources have a diagnosis associated with the encounter. The primary diagnosis is considered the reason the patient is being treated and is used to determine whether the treatment provided is substance abuse treatment and which type of substance abuse. Below is a list of Diagnosis groups used.

Diagnosis Code	Description
292.xx	Drug Induced Mental Disorders
304.xx	Drug Dependence
305.xx	Nondependent Abuse of Drugs (excluding 305.0 – Alcohol Abuse and 305.1 – Tobacco Use Disorder)

Attachment

It should be noted that Prescriptions and Lab tests do not have linkages to a specific diagnosis and are not included in the report.

The cost of the VHA provided services is assigned through the Decision Support System (DSS) management cost accounting system and is based on the products (services) generated by producing departments. Every product is valued and assigned a cost. Costs are assigned to patients based on the products utilized during their care. The national data extracts reflect the cost of care at a specific patient (encounter) level. Data from the FEE System is brought into DSS to reflect the payments made to Non-VA providers. The DSS costs and FEE payments are expenditures. These expenditure costs are modified to reflect full VHA obligations.

The FTE calculation is based on the DSS staff mapping to DSS Departments which are the production units. As we noted above, all the products are accumulated to an encounter. The DSS National Data Extract Intermediate Product Department extracts show the cost of the encounter by department and the cost by three cost categories: Variable Direct, Fixed Direct and Fixed Indirect. All the costs, including the fixed costs, from all the departments are included in the cost calculation; however, FTE is not reflected in these extracts.

The Monthly Program Cost Report (MPCR) is a secondary DSS cost report which reflects cost and FTE based on type of care (not patient specific). The DSS Department costs and FTE are aggregated to the care level through the use of the clinic stop and the treating specialty NDE data. The FTE calculation assumes that a proportionate amount of each DSS Department's FTE is associated with each dollar assigned.

MEDICAL CARE

Year in Review

According to the 2012 Drug and Alcohol Program Survey (DAPS, the most recent survey results available pending re-administration in early 2015), at the start of FY 2013 56 percent of VA facilities were able to offer 24-hour Substance Use Disorder (SUD) care on-site, 41 percent of facilities offered intensive outpatient services as their highest intensity of SUD care, and 82 facilities (59%) reported offering stand-alone intensive outpatient treatment that was not a component of a 24-hour care program. In FY 2012, 97 percent of facilities offered either 24-hour care or intensive outpatient programming on site. All VA facilities currently provide SUD services within a specialty setting, as well as in general mental health settings.

Attachment

VA provides two types of 24-hour-a-day care to patients having particularly severe substance use disorders. VA offers 24-hour care in residential rehabilitation treatment programs for substance use disorders. Additionally, 24-hour care is provided for detoxification in numerous inpatient medical and general mental health units throughout the VA system. Outpatient detoxification is available for patients who are medically stable and who have sufficient social support systems to monitor their status. Most Veterans with substance use disorders are treated in outpatient programs. Intensive substance use disorder outpatient programs provide at least three hours of service per day to each patient, and patients attend them three or more days per week. Standard outpatient programs typically treat patients for an hour or two per treatment day and patients attend one or two days a week.

VHA is steadily expanding the availability of opioid agonist treatment for opioid-dependent Veterans. In FY 2014 evidence-based medication assisted treatment for opioid dependence, including office-based treatment with buprenorphine, was provided to patients at all but 7 VA Medical Centers (over 95 percent of the total). Over 300 total sites of service provided at least some buprenorphine, including Community-Based Outpatient Clinics separate from the medical centers. VA operates federally regulated Opioid Treatment Programs that can provide methadone maintenance on-site at 31 larger urban locations and at a growing number of VHA facilities that maintain contractual arrangements or arrange non-VA care for providing these services through community-based licensed Opioid Treatment Programs.

VHA has also expanded access to other SUD treatment services with continued special purpose funding for 406 SUD staff assigned to work in large community based outpatient clinics, mental health residential rehabilitation programs, intensive SUD outpatient programs and posttraumatic stress disorder (PTSD) teams. Active monitoring is ongoing for replacing any positions that become vacant.

Consistent with principles of recovery, VA is setting the standard for a new and emerging health care profession, known as "Peer Specialists." As of September, 2014, VHA had hired 870 Peer Specialists and Peer Apprentices, exceeding the hiring goal set in President Obama's August 31, 2012, Executive Order aimed at improving access to mental health services for Veterans, service members and military families. Through the development of position descriptions that clearly outline the job duties of both Peer Specialists and Peer Support Assistants, certification of training requirements for both positions and consistently-defined, job-specific competencies, Peer Specialists and Peer Support Assistants are poised to provide a unique set of services to Veterans seeking care for mental health and substance use disorders.

Attachment

VA continues to pursue a comprehensive strategy to promote safe prescribing of opioids when indicated for effective pain management. The purpose of the Opioid Safety Initiative is to ensure pain management is addressed thoughtfully, compassionately and safely. Based on comparisons of national data between the quarter beginning in July 2012 and the quarter ending in September 2014, several aspects of the Opioid Safety Initiative have begun to show positive results. Despite an increase in the number of Veterans who were dispensed any medication from a VA pharmacy, 50,896 fewer Veterans received an opioid prescription (including short and long-term use) from VA, 38,408 fewer Veterans were on long-term opioids, and 20,533 fewer Veterans received opioid and benzodiazepine medications. There has been an increase in the number of Veterans (by 63,962) on long term opioid therapy who have had at least one urine drug screen. The average dose of selected opioids has begun to decline slightly in VA, demonstrating that prescribing and consumption behaviors are changing.

Programs to end Homelessness among veterans have SUD specialists to support the Department of Housing and Urban Development – VA Supportive Housing (HUD-VASH) program. In addition, there are SUD Specialists working in Health Care for Homeless Veterans (HCHV) programs. These specialists emphasize early identification of SUD as a risk for maintaining permanent housing, promote engagement or re-engagement in SUD specialty care programs and serve as linkages between Homeless and SUD programs. All VA medical centers have at least one designated Veterans Justice Outreach (VJO) Specialist (172 total full-time); most of these are centrally-funded positions, dedicated to serving justice-involved Veterans on a full-time basis.

During FY 2014, VHA continued implementation of clinical symptom monitoring using the Brief Addiction Monitor (BAM) that transmits responses to the national data base with over 7,700 Veterans assessed at the beginning of a new episode of SUD specialty care during the 4th quarter of FY 2014. The BAM is designed to assist SUD specialty care clinicians in initial treatment planning and monitoring the progress of patients while they are receiving care for a substance use disorder, serving as a basis for giving feedback to them to enhance their motivation for change, and informing clinical decisions, such as the intensity of care required for the patient. In addition to items addressing risk and protective factors for recovery, the BAM assesses self-reported substance use in the prior 30 days including an item asking about days of any use of illicit or non-prescribed drugs as well as items on use of specific substances.

In FY 2014, VHA provided services to 131,915 patients with a primary drug use disorder diagnosis. Of patients with any confirmed drug use disorder diagnosis (i.e., diagnosed at two or more outpatient visits or one inpatient discharge), 33 percent used cocaine, 25 percent used opioids and 37 percent used cannabis. Eighty percent had co-existing psychiatric diagnoses. (These categories are not mutually exclusive.)

Attachment

The accompanying Department of Veterans Affairs Resource Summary was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Accounting of Drug Control Funding and Performance Summary dated January 18, 2013, (b) Budget Formulation, dated January 18, 2013, and (c) Budget Execution, dated January 18, 2013. In accordance with the guidance provided in the Office of National Drug Control Policy's letter of September 7, 2004, VA's methodology only incorporates Specialized Treatment costs.

Specialized Treatment	Obligations (Millions)	FTE
Inpatient	\$161.111	743
Residential Rehabilitation and Treatment	\$210.196	1,153
Outpatient	\$275.243	1,160
Total	\$646.550	3,056

VA does not track obligations by ONDCP function. In the absence of such capability, obligations by specialized treatment costs have been furnished, as indicated.

MEDICAL & PROSTHETIC RESEARCH

The dollars expended in VHA research help to acquire new knowledge to improve the prevention, diagnosis and treatment of disease, and generate new knowledge to improve the effectiveness, efficiency, accessibility and quality of Veterans' health care.

Specialized Function	Obligations (Millions)	Drug Control Related Percent	FTE
Research and Development	\$23.664	N/A	N/A

2. Methodology Modifications – In accordance with the guidance provided in the Office of National Drug Control Policy's letter of September 7, 2004, VA's methodology only incorporates Specialized Treatment costs and no longer takes into consideration Other Related Treatment costs. Drug control methodology detailed in A.1 was the actual methodology used to generate the Resource Summary.

Attachment

3. Material Weaknesses or Other Findings -- CliftonLarsonAllen LLP provided an unqualified opinion on VA's FY 2014 consolidated financial statements. They identified one material weakness and two significant deficiencies. The material weakness is a repeat condition from the prior year audit identified as Information Technology Security Controls, and the significant deficiencies relate to Financial Reporting and Accrued Operating Expenses. There were no material weaknesses or other findings by independent sources, or other known weaknesses, which may materially affect the presentation of prior year drug-related obligations data.

4. Reprogrammings or Transfers -- There were no reprogramming of funds or transfers that adjusted drug control-related funding because drug control expenditures are reported on the basis of patients served in various VA clinical settings for specialized substance abuse treatment programs.

5. Other Disclosures -- This budget accounts for drug control-related costs for VHA Medical Care and Research. It does not include all drug-related costs for the agency. VA incurs costs related to accounting and security of narcotics and other controlled substances and costs of law enforcement related to illegal drug activity; however, these costs are assumed to be relatively small and would not have a material effect on the reported costs.

B. Assertions

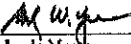
1. Drug Methodology -- VA asserts that the methodology used to estimate FY 2014 drug control obligations by function and budget decision unit is reasonable and accurate based on the criteria set forth in the ONDCP Circular dated January 18, 2013.

2. Application of Methodology -- The methodology described in Section A.1 above was used to prepare the estimates contained in this report.

3. Reprogrammings or Transfers -- No changes were made to VA's Financial Plan that required ONDCP approval per the ONDCP Circular dated January 18, 2013.

4. Fund Control Notices -- The data presented are associated with obligations against a financial plan that was based upon a methodology in accordance with all Fund Control Notices issued by the Director under 21 U.S.C., § 1703 (f) and Section 9 of the ONDCP Circular, Budget Execution.

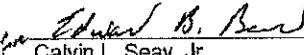
Attachment



Mark Yow
Associate Chief Financial Officer
Resource Management (10A3B)

12/18/2014

Date



Calvin L. Seay, Jr.
Director of Budget Services
Resource Management (10A3B)

December 18, 2014

Date

Attachment

Obligations (Millions)	
	2014 Final
Medical Care:	
Specialized Treatment	
Inpatient	\$161.111
Residential Rehabilitation and Treatment	\$210.196
Outpatient	\$275.243
Specialized Treatment	\$646.550
Medical & Prosthetics Research: Research and Development	\$23.664
Drug Control Resources by Function and Decision Unit, Total	\$670.214
Drug Control Resources Personnel Summary	
Total FTE	3,056
Total Enacted Appropriations	\$152,022.000
Drug Control Percentage	0.44%

Appendix A Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Nick Dahl, Director Irene J. Barnett Jenna Lamy Joseph Vivolo
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Appendix B Report Distribution

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