

Inspector General

United States
Department of Defense



Independent Auditor's Report on the FY 2007
Performance Summary Report for DoD National
Drug Control Program Activities

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INSPECTOR GENERAL
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April 30, 2008

MEMORANDUM FOR THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
(COUNTERNARCOTICS, COUNTERPROLIFERATION, and
GLOBAL THREATS)

SUBJECT: Independent Auditor's Report on the FY 2007 Performance Summary Report
for DoD National Drug Control Program Activities
(Report No. D-2008-085)

Public Law 105-277 is also known as "The Office of National Drug Control Policy Reauthorization Act" (the Act). The Act requires that DoD annually submit a description of its performance measurement system for National Drug Control activities to the Director of the Office of National Drug Control Policy. The Act was reauthorized by Public Law 109-469 in December 2006.

The Office of National Drug Control Policy Circular "Drug Control Accounting" (the Accounting Policy Circular), May 1, 2007, provides the policies and procedures that DoD must use to report its performance-related information for National Drug Control activities. The Accounting Policy Circular was updated in May 2007 to include a new requirement for a Performance Summary Report. The accountable senior-level executive for each agency is required to make four assertions regarding the performance-related information and provide the report to the agency's Inspector General for authentication. The Performance Summary Report and the accompanying Inspector General authentication are due to the Office of National Drug Control Policy by February 1 of each year.

The Deputy Assistant Secretary of Defense (Counternarcotics, Counterproliferation, and Global Threats) (DASD[CN/CP/GT]) was responsible for the FY 2007 DoD Performance Summary Report. We conducted our review in accordance with the attestation standards established by the American Institute of Certified Public Accountants and in compliance with generally accepted government auditing standards. We were engaged to perform a review-level attestation, which is substantially narrower in scope than an examination done to express an opinion on the subject matter. Accordingly, we do not express an opinion.

In July 2007, we met with officials from the Office of National Drug Control Policy and DASD (CN/CP/GT) to discuss the new performance data reporting requirements established in the Accounting Policy Circular. We expressed reservations about performing a review of the FY 2007 DoD Performance Summary Report because the requirement was new and the criteria were established in the middle of the fiscal year. Office of National Drug Control Policy officials agreed to extend the date that the Performance Summary Report and authentication were due to their office from February 1, 2008, to April 30, 2008. DASD (CN/CP/GT) officials informed us that they expected the report and supporting

details to be available in November 2007, which would allow our office sufficient time to complete the required procedures necessary for this inaugural effort.

After several delays, DASD (CN/CP/GT) eventually provided the signed FY 2007 DoD Performance Summary Report for our authentication on March 25, 2008. The report, including attachments, was 78 pages long and contained results on 276 performance measures for 99 unique counterdrug project codes. The DASD (CN/CP/GT) acknowledged in the FY 2007 DoD Performance Summary Report that the performance reporting system was still a work in progress and that feedback was expected from the Office of National Drug Control Policy regarding the measures and targets. In addition, the DASD (CN/CP/GT) did not address all four assertions as required by the Accounting Policy Circular.

Because of the restriction on the scope of our review imposed by DASD (CN/CP/GT), our work was not sufficient to enable us to conclude whether the FY 2007 DoD Performance Summary Report was presented, in all material respects, in conformity with the Accounting Policy Circular. We have reservations about performing future review engagements until the DASD (CN/CP/GT) can present the complete report in a timely manner and without caveats.

We appreciate the courtesies extended to the staff. Please direct questions to Ms. Amy J. Frontz at (303) 676-7392 or Mr. Anthony C. Hans at (614) 751-1400.



Patricia A. Marsh, CPA
Assistant Inspector General
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MAR 24 2008

GLOBAL SECURITY
AFFAIRS

Mr Jon Rice
Associate Director
Performance and Budget (Room 535)
Office of National Drug Control Policy
750 17th Street, NW
Washington, DC 20503

Dear Mr Rice:

(U) My office has worked diligently to establish a performance metric report system for Department of Defense counternarcotics efforts as required under the Office of National Drug Control Policy's NDCP Circular "Drug Control Accounting" While it is still a work in progress, I assert that the performance reporting system we have created is appropriate and applied, and that the methodology used to establish performance targets is reasonable and applied I further assert that performance measures now exist for all Department of Defense drug control activities and efforts

(U) Please find attached the FY 2007 Performance Summary Report for the Department of Defense IAB A provides a summary of the FY07 results, as well as the methodology used to establish the measurement system TAB B provides objectives, targets and results at the project code level

(U) As this is the first year a performance summary report is required, I expect that there will be valuable feedback that your office can provide regarding our measures and targets As such, I request your inputs that will help DoD be able to give a proper account of the effectiveness of the Department's efforts as it supports the President's National Drug Control Strategy My point of contact for performance measures is Ms Sandra Lawson, who can be reached at 703-614-8849

Sincerely,

Richard J. Douglas
Deputy Assistant Secretary of Defense
Counternarcotics, Counterproliferation & Global Threats

Enclosure:
As stated

FY2007 DoD Counternarcotics Performance Measures

Introduction

(U) CN resources and authorities are an effective combination that supports war on terrorism efforts. For the Department of Defense (DoD), the clear linkages between international narcotics trafficking and international terrorism constitute a threat to the national security interests of the United States. The global and regional terrorists who threaten United States interests can finance their activities with the proceeds from narcotics trafficking. Department counternarcotics funded resources and operations can detect, monitor and support the interdiction, disruption or curtailment of emerging narcotics-related threats to our national security.

(U) Although the Department of Defense (DoD) plays a significant role in the war against narcotics and narco-terrorism, it is an interagency effort. DoD does not conduct narcotics interdictions, but rather performs a critical supporting role to law enforcement agencies. Just as importantly, through authorizations provided by Congress (such as Section 1004 of the FY 1991 National Defense Authorization Act (as amended), and Section 1033 of the FY 1998 NDAA (as amended)), the Department can provide information sharing and partner capacity building efforts. This support, which includes training, equipping, infrastructure, intelligence, communications, and transportation, has a significant impact by allowing US and partner nation law enforcement, security and military forces to have a greater role in the efforts against narcotics trafficking.

(U) Accordingly, DoD uses its counternarcotics resources and authorities as effectively and efficiently as possible to achieve national and Departmental counternarcotics priorities, focusing on the two primary missions:

- (U) Maintaining DoD readiness through drug demand reduction programs.
- (U) Helping local, state, federal and foreign agencies address the drug trade and narco-terrorism, by
 - (U) Detecting and monitoring drug trafficking.
 - (U) Sharing information.
 - (U) Helping countries to build their capacity and to control their ungoverned spaces.

Performance Methodology

(U) The DoD counternarcotics program has not been reviewed under the Administration's PART process, nor established targets for its support to law enforcement. However, the Department has established performance measures for every effort within the counternarcotics program. These measures will show how each DoD

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effort meets the Department's two missions of demand reduction and supply reduction, and will include specific performance targets for each effort.

(U) The performance methodology uses goals, objectives, individual measures, targets, and actual performance results to paint a picture of the Department's performance. The performance metrics process consists of the Services/Defense Agencies providing the measures and targets for each program code. After the end of the fiscal year, the Services/Defense Agencies provide actual performance data for each of the measures, not an estimation. The Department will seek to provide quantitative representation of work by DoD organizations to support the war against illicit narcotics, but also to ensure that our efforts support the President's National Drug Control Strategy. DoD's efforts will be continually evaluated based on the changing drug threat and participating nations' needs.

FY2007 Summary Results

(U) In FY 2007, the DoD continued to provide significant support to US and partner nation drug law enforcement agencies in the areas of training, communications support, infrastructure, intelligence, transportation, equipment, command and control, as well as detection and monitoring. Additionally, the Department was committed to keeping drug use low among active duty and civilian personnel. Highlights of these efforts include:

Demand Reduction

- With the objective of deterring drug use by DoD military and civilian personnel in order to maintain a combat ready force, positive test rates for military and civilian personnel were 0.7% and 0.35% respectively, well below the established targets of 2% and 1%.

Supply Reduction

- With an objective of detecting, monitoring, and supporting the interdiction of illicit drug traffic and related activities, the Department continued to provide air and maritime assets in support of multi-agency operations. DoD also provided unmatched command and control and communications support critical to D&M operations.
- With an objective of providing intelligence and technology support to US and partner nation forces that is designed to dismantle narcotics trafficking and international terrorist organizations benefiting from the drug trade, the Department continued to provide effective all-source reporting and analysis. DoD collection efforts, analysis and information, shared with US and partner nation forces, supported interdiction operations as well as efforts against narco-trafficking organizations. Most of DoD's counternarcotics collection and analysis is unique and essential to national and international efforts.

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- With an objective of increasing the capability/capacity of US and partner nation forces so they are capable of conducting/sustaining operations against narcotics trafficking and international terrorist organizations, and other transnational threats related to the drug trade, the Department continued to aggressively train and equip partner nations worldwide to increase their capacity to conduct and sustain operations. Examples include:

In Colombia, the Department continues to transition various capabilities started under Plan Colombia. These capabilities, such as the Integrated Logistics System, Limited Aviation Depot, Initial Entry Rotary Wing training and the Midnight Express boats are all part of the nationalization plan for Colombia. For example, 12 Midnight Express Boats became operational in July 2007. They have already been involved in several seizures/interdictions such as the ones in the Eastern Pacific in and around Tumaco - the first seizure of 29 bales of cocaine (0.5 metric tons) and the second of 137 bales of cocaine (2,722KG). Additionally, DoD-funded Tecimical Assistance Field Training Teams enabled the readiness rates of critical aircraft to be sustained at 75% or higher over the last two years with the Colombia military steadily assuming greater responsibility for the program.

In Afghanistan, DoD counternarcotics support expands Afghan interdiction capabilities including specialized unit training and equipping of counternarcotics forces, providing training and operational bases and facilities, an organic aviation capacity and capability, and providing the information required for both interdiction operations and prosecutions.

On the domestic front, the National Guard supported the maintenance and management of four regional counternarcotics training centers that provided training for US regional law enforcement agencies.

Program Management

- With an objective of providing the support necessary for the successful operation of the DoD counternarcotics program, the Department met all program management benchmark (i.e., funds execution, strategic guidance, contract support, etc.) targets, to provide robust, efficient and effective support to the Department's support to the President's National Drug Control Strategy.

Team Members

The Department of Defense Office of the Deputy Inspector General for Auditing, Defense Financial Auditing Service prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

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