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United States Government Accountability Office
Washington, DC 20548

April 30, 2010

Congressional Committees

Subject: *Preliminary Observations on the Department of Defense's
Counternarcotics Performance Measurement System*

The Department of Defense (DOD) leads detection and monitoring of aerial and maritime transit of illegal drugs into the United States in support of law enforcement agencies. Additionally, DOD's counternarcotics activities include sharing information with U.S. and foreign agencies, as well as helping foreign countries build their counternarcotics capacity. In support of these activities, Congress provided just over \$6.1 billion to DOD's Counternarcotics Central Transfer Account from fiscal year 2005 through 2010.

In November 2005, GAO recommended that DOD, in conjunction with other agencies performing counternarcotics activities, develop and coordinate counternarcotics performance measures. GAO has found that measuring performance allows organizations to track the progress they are making toward their goals and provides managers a basis for making key decisions to improve programs and results. In May 2007, the Office of National Drug Control Policy (ONDCP) released a circular that required agencies, including DOD, to submit a report on their performance-related information for counternarcotics activities, including how the agency's performance measures are used in the management of the program.

The National Defense Authorization Act for Fiscal Year 2010 (Pub. L. No. 111-84, § 1016) mandated that GAO report on the performance evaluation system used by DOD to assess its counternarcotics activities. To satisfy this mandate, in April 2010, we briefed congressional staff from the defense committees. This letter summarizes the preliminary observations conveyed during those briefings. The briefing slides used to provide the briefing are attached as enclosure I.

We plan to issue the final results of our evaluation of DOD's counternarcotics performance evaluation system in a report to be released in the summer of 2010 that will focus on the extent to which: (1) DOD's counternarcotics performance measures

enable DOD to track progress toward achieving its goals and (2) DOD uses performance information to support its counternarcotics mission.

In summary, the briefing provided to congressional staff noted that:

- DOD has developed performance measures for its counternarcotics activities. DOD has also developed a database to collect performance information, including measures, targets, and results. However, these performance measures lack a number of the attributes, such as being clearly stated and having measurable targets, which GAO considers key to successful performance measures.
- DOD is currently reassessing its performance measures for its counternarcotics activities. DOD hired a contractor to assist the department in revising its guidance for the development of counternarcotics performance measures. DOD officials, however, noted that the department still faces challenges measuring the performance of its counternarcotics activities. These challenges include creating performance measures that assess program outcomes; ensuring adequate resources, such as expertise in performance management, are available to develop performance measures; and ensuring that the data used to measure DOD performance is reliable.
- It is unclear the extent to which DOD uses the performance information it collects through its database to manage its counternarcotics activities. Previous work by GAO has found that the full benefit of collecting performance information is realized only when managers use this information to inform key decisions to improve programs and results, such as identifying corrective actions, allocating resources, and sharing best practices for program implementation. However, officials at U.S. Central Command, U.S. Southern Command, and the Joint Interagency Task Force-South told us they rarely use the database to identify performance problems or manage counternarcotics activities. Rather, they tend to manage programs using measures and data not submitted to the database. We plan to examine this issue in more detail in our report to be released in the summer of 2010.

We conducted this performance audit from December 2009 to April 2010, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We provided drafts of this report to DOD and ONDCP for comment. DOD provided no comments. ONDCP provided technical comments, which we have incorporated where appropriate.

We are sending copies of this report to interested congressional committees, the Secretary of Defense, and the Director of the Office of National Drug Control Policy. The report also is available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff members have any questions about this information, please contact me at (202) 512-4268 or fordj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure II.

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J".

Jess T. Ford
Director, International Affairs and Trade

Enclosures

List of Congressional Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Howard P. McKeon
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Norman D. Dicks
Chairman
The Honorable
Ranking Member C.W. Bill Young
Subcommittee on Defense
Committee on Appropriations
House of Representatives



**Preliminary Observations on Department
of Defense's Counternarcotics
Performance Measurement System**

**A Briefing for
Congressional Committees
April 2010**

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Objectives, Scope, and Methodology

- The National Defense Authorization Act of 2010 (Pub. L. No. 111-84, § 1016) mandated that GAO report on the performance evaluation system used by the DOD to assess its counternarcotics activities.
- This briefing contains information on DOD's counternarcotics performance evaluation system, including the following:
 - the extent to which DOD's counternarcotics performance measures enable DOD to track progress toward achieving its goals, and
 - preliminary observations on DOD's use of performance information to support its counternarcotics mission.

Objectives, Scope, and Methodology

- To address these objectives we
 - Interviewed officials from the Office of National Drug Control Policy (ONDCP) and DOD components including the following:
 - Office of the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (DASD-CN),
 - U.S. Central Command (CENTCOM),
 - U.S. Southern Command (SOUTHCOM),
 - Joint Interagency Task Force-South (JIATF-S), and
 - DOD Inspector General (DOD-IG).
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Objectives, Scope, and Methodology

- To address these objectives we
 - reviewed and analyzed DOD strategy and budget documents, as well as DOD guidance on performance measures, and
 - evaluated a generalizable random sample of DOD's unclassified fiscal year 2009 counternarcotics performance measures (71 of 171 measures) to assess the extent to which these measures adhered to GAO criteria on the key attributes of performance measures (see table 1).¹

¹Prior GAO work identified nine attributes of successful performance measures. See GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, GAO-03-143 (Washington, D.C.: Nov. 22, 2002).

Objectives, Scope, and Methodology

- We conducted this performance audit from December 2009 to April 2010, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
 - After conducting additional audit work, we plan to issue the final results of our evaluation of DOD's counternarcotics performance measurement system in a report to be released in the summer of 2010.
-

Background

- The DOD leads detection and monitoring of aerial and maritime transit of illegal drugs into the United States in support of law enforcement agencies.
 - To accomplish this mission, DOD has identified three goals
 - detecting and monitoring drug trafficking,
 - sharing information with U.S. and foreign agencies, and
 - helping foreign countries build their counternarcotics capacity.
 - In support of these activities, Congress provided just over \$6.1 billion to DOD's Counternarcotics Central Transfer Account from fiscal year 2005 to fiscal year 2010.
-

Background

- In May 2007, ONDCP issued a drug control accounting circular. Section 7 of the circular requires that National Drug Control Program agencies, including DOD, submit to the Director of ONDCP a performance summary report including performance measures, targets, and results.
 - ONDCP cited 21 U.S. Code § 1703(d)(7), § 1705(c)(4), § 1705 (a)(2)(xi) as the legal authorities that require ONDCP to monitor the implementation of the National Drug Control Strategy, develop a performance measurement system, and assess the effectiveness of achieving federal National Drug Control Strategy goals.
-

Background

- DASD-CN reports that it is the focal point for DOD counternarcotics efforts and that it will ensure the department develops and implements a focused counternarcotics program with clear priorities and measured results.
 - Programs, Resources, and Assessments, a division within DASD-CN, is the lead office for the development of counternarcotics resources and plans. Among other activities, this office
 - directs and manages the planning, programming, and budgeting system of the DOD counternarcotics program, and
 - collects quarterly operational statistics to evaluate the effectiveness of DOD's contribution to meeting the goals of the National Drug Control Strategy.
-

DOD Has Developed Performance Measures for Its Counternarcotics Activities

- In response to ONDCP guidance, DOD developed and submitted to ONDCP a set of performance measures for its fiscal year 2007 counternarcotics activities. Subsequently, DOD revised its performance measures for fiscal years 2008 and 2009 and submitted a report on these measures to ONDCP.²
- DOD established a database to collect performance information from its components, including performance measures, targets, and results. In June 2008, DOD issued guidance with instructions for entering counternarcotics performance information into the database.
- In fiscal year 2009, DOD reported it had 285 performance measures for its counternarcotics activities. Of those, there were 171 unclassified performance measures related to DOD's mission of supporting law enforcement agencies.

²According to ONDCP, DOD's reports for fiscal years 2007, 2008, and 2009 did not fulfill the requirements of ONDCP's drug control accounting circular because the reports were not authenticated by the DOD-IG.

GAO Has Identified Nine Key Attributes of Successful Performance Measures

Table 1: GAO's Key Attributes of Successful Performance Measures

Attributes	Definitions	Potentially adverse effects of not meeting attribute
Linkage	Measure is aligned with division and agencywide goals and mission and clearly communicated throughout the organization.	Behaviors and incentives created by measures do not support achieving division or agencywide goals or mission.
Clarity	Measure is clearly stated, and the name and definition are consistent with the methodology used to calculate it.	Data could be confusing and misleading to users.
Measurable target	Measure has a numerical goal.	Cannot tell whether performance is meeting expectations.
Objectivity	Measure is reasonably free from significant bias or manipulation.	Performance assessments may be systematically over- or understated.
Reliability	Measure produces the same result under similar conditions.	Reported performance data is inconsistent and adds uncertainty.
Core program activities	Measures cover the activities that an entity is expected to perform to support the intent of the program.	Not enough information available in core program areas to managers and stakeholders.
Limited overlap	Measure should provide new information beyond that provided by other measures.	Manager may have to sort through redundant, costly information that does not add value.
Balance	Balance exists when a suite of measures ensures that an organization's various priorities are covered.	Lack of balance could create skewed incentives when measures overemphasize some goals.
Government-wide priorities	Each measure should cover a priority such as quality, timeliness, and cost of service.	A program's overall success is at risk if all priorities are not addressed.

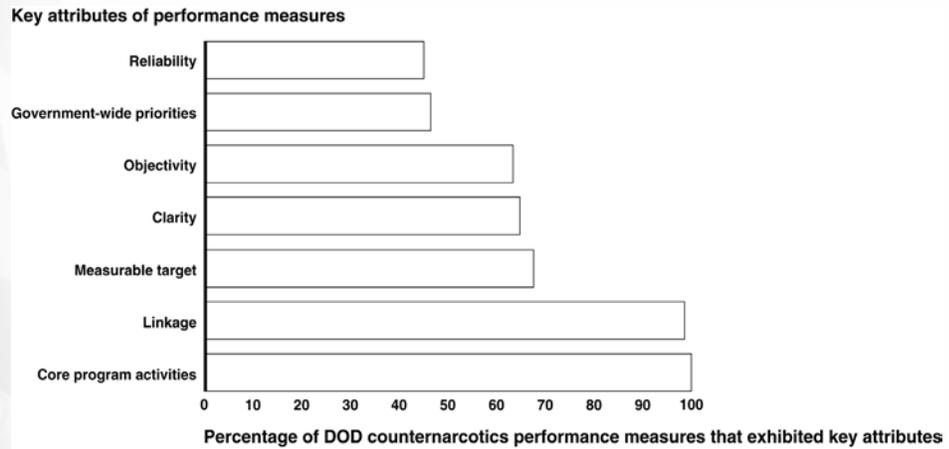
Source: GAO-03-143.

DOD's Performance Measures Lack Key Attributes of Successful Measures

- DOD and ONDCP officials acknowledged that there are weaknesses in the performance measures in DOD's counternarcotics database.
 - GAO's analysis of a sample of DOD's unclassified fiscal year 2009 performance measures shows that key attributes were not always present in the measures.
 - Two of the attributes, balance and limited overlap, did not appear to be present in the set of measures.
 - The other seven attributes of successful performance measures were present to varying degrees (see fig. 1).
 - Our preliminary observations suggest that DOD's classified fiscal year 2009 performance measures may have similar weaknesses.
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DOD's Performance Measures Lack Key Attributes of Successful Measures

Figure 1: DOD's Fiscal Year 2009 Unclassified Counternarcotics Performance Measures Relative to Seven Attributes of Successful Performance Measures



Source: GAO analysis of DOD performance measures.

Note: GAO randomly sampled 71 of DOD's 171 counternarcotics performance measures for fiscal year 2009 that were not classified and were associated with DOD's goals of detection and monitoring, sharing information, and building capacity of partner nations. The resulting estimates, reported above, are subject to a maximum margin of error of +/- 10 percentage points.

DOD Is Working To Improve Its Performance Measures, but Some Challenges Remain

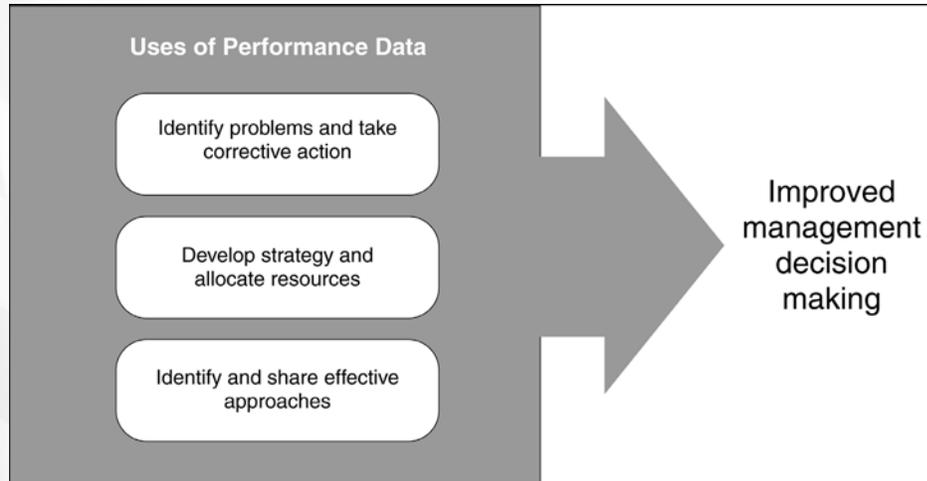
- DOD officials have acknowledged that the department's counternarcotics performance measures need to be revised. DOD hired a contractor to assist it in revising its guidance for the development of counternarcotics performance measures. Revised guidance, dated January 25, 2010, exists but is not yet finalized.
- CENTCOM and SOUTHCOM officials told us that the revised guidance provides better direction than previous guidance.
- We plan to comment on DOD's revised guidance in our summer 2010 product.

DOD Is Working To Improve Its Performance Measures, but Some Challenges Remain

- DOD officials, however, noted that the department still faces challenges measuring the performance of its counternarcotics activities. These challenges include the following:
 - creating outcome-based performance measures given DOD's supporting role in counternarcotics activities,
 - ensuring adequate resources, such as expertise in performance management, are available to develop performance measures, and
 - ensuring data used to measure DOD performance is reliable.

GAO Has Identified Use of Performance Information As Key To Improving Management

Figure 2: Uses of Performance Information



Source: GAO.

Note: GAO has also previously reported that recognizing and rewarding individual performance is a use of performance data. However, this use was not applicable to DOD's counternarcotics performance measures, as they relate only to program activities.

DOD's Use of Performance Information to Support Its Counternarcotics Mission

- *Identify problems and take corrective action:* CENTCOM, SOUTHCOM, and JIATF-S officials told us they rarely use the DASD-CN database to identify performance problems or manage counternarcotics activities. Rather, they tend to manage programs using information not submitted to the DASD-CN database. For example, CENTCOM officials told us information obtained in weekly program meetings, not data sent to the DASD-CN database, is most often used to help them identify problems and make program adjustments. Further, it is unclear the extent to which DASD-CN uses information in the database to oversee counternarcotics activities.
- *Develop strategy and allocate resources:* DASD-CN officials told us that they do not currently link performance information directly to budget allocation decisions.
- *Identify and share effective approaches:* While DOD creates reports for ONDCP, DASD-CN officials told us they do not produce additional reports for the department.

Agency Comments and Our Evaluation

- We provided drafts of this report to DOD and ONDCP for comment. DOD provided no comments. ONDCP provided technical comments, which we have incorporated where appropriate.

Enclosure II: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the individuals named above, Juan Gobel, Assistant Director; Joe Carney; Elizabeth Curda; Martin de Alteriis; Mark Dowling; Justin Fisher; Richard Geiger; Eileen Larence; Jeff Miller; Christopher Mulkins; John Pendleton; Elizabeth Repko; and Mark Speight made key contributions to this report.

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