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September 24, 1999

The Honorable Charles E. Grassley
Chairman, Caucus on International
Narcotics Control
United States Senate

Subject: Research and Development: Counterdrug Technology Assessment Center's
Process for Funding Projects

Dear Mr. Chairman:

This letter responds to your request that we describe the process that the Office of National Drug Control Policy's (ONDCP's) Counterdrug Technology Assessment Center (CTAC) uses to fund research and development (R&D) projects. CTAC was established in November 1990 to serve as the central counterdrug enforcement R&D organization of the federal government. As such, CTAC provides leadership and coordination among federal drug control agencies and funds R&D projects in the national counterdrug R&D program. The national counterdrug R&D program supports the goals of ONDCP's *National Drug Control Strategy*.¹

In February 1998, we issued a report on CTAC's process for identifying counterdrug technology needs and selecting R&D projects to meet those needs.² This letter describes CTAC's process for funding the R&D projects and its use of other government agencies as its contracting and technical support agents. We reviewed CTAC's authorizing legislation, interviewed personnel at CTAC and four of its agents³, and reviewed supporting documentation. We did not audit CTAC's funds or the support activities of its agents. We discussed a draft of this letter with representatives of ONDCP and CTAC, and have incorporated their suggestions where

¹ONDCP's *National Drug Control Strategy* presents the President's long-term plan to reduce the abuse, availability, and consequences of illegal drugs throughout the country.

²*Drug Control: Planned Actions Should Clarify Counterdrug Technology Assessment Center's Impact* (GAO/GGD-98-28, February 3, 1998).

³CTAC has used five support agents. We did not interview personnel from the Naval Surface Warfare Center, Indian Head Division, Indian Head, Maryland, because it has not provided support services to CTAC since 1994.

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GAO/AIMD-99-277R CTAC Funding Process

appropriate. The representatives agreed with the descriptions of CTAC's funding process and use of support agents.

Background

The National Narcotics Leadership Act of 1988 created ONDCP within the Executive Office of the President to establish policies, priorities, and objectives for the Nation's drug control program.⁴ ONDCP is the President's primary policy office for drug issues and for providing advice and governmentwide oversight of drug programs.

The National Defense Authorization Act for Fiscal Year 1991 established CTAC within ONDCP to serve as the government's central counterdrug enforcement research and development organization.⁵ The Act provides that the Director of ONDCP shall carry out CTAC's responsibilities by acting through the head of CTAC, commonly called the Chief Scientist.⁶ CTAC was expected to oversee and coordinate counterdrug technology initiatives with the related activities of federal departments and agencies, prevent unnecessary duplication of R&D efforts, and fund counterdrug research projects to help fill gaps in the development of technology, whenever possible.

To carry out those expectations, CTAC is statutorily responsible not only for identifying and defining the scientific and technological needs of affected government agencies, but also for prioritizing such needs according to fiscal and technological feasibility. However, Congress also enacted limitations on CTAC's operational and general authority.

CTAC's enabling legislation limited the Chief Scientist to hiring not more than 10 people. In addition, CTAC's enabling legislation limited the Chief Scientist's authority from extending to "the award of contracts, management of individual projects, or other operational activities." Although the legislative history does not provide an explicit explanation for these limitations, it was expected that the legislation would enable CTAC to establish a coherent and effective national counternarcotics research and development program without creating a vast new bureaucracy, and would establish an effective managerial mechanism to oversee and coordinate counterdrug technology initiatives.⁷ Further, the Committees on Appropriations have annually

⁴Title 1 of the Anti-Drug Abuse Act of 1988, Public Law No. 100-690, 102 Stat. 4181.

⁵Public Law No. 101-510, 104 Stat. 1485 (1990) (21 U.S.C. 1505). The Office of National Drug Control Policy Reauthorization Act of 1998 modified the language to provide that CTAC "... shall serve as the central counter-drug technology research and development organization of the United States Government." Public Law No. 105-277, 112 Stat. 2681-687 (21 U.S.C. 1707(a)).

⁶When the Office of National Drug Control Policy Reauthorization Act of 1998 reauthorized CTAC, it changed the title of CTAC's head from Chief Scientist of Counterdrug Technology to Director of Technology. Public Law No. 105-277, 112 Stat. 2681-687 (21 U.S.C. 1707).

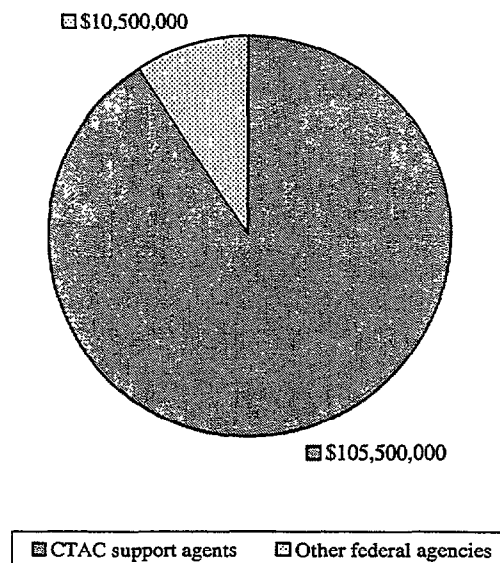
⁷136 Congressional Record 22766 (statement of Senator William S. Cohen).

expressed their expectation that they receive periodic reports from the Chief Scientist on the priority R&D needs identified and the status of projects funded.⁸

Initially, in fiscal year 1992, CTAC provided funds directly to federal agencies to support the counterdrug R&D projects being pursued by those agencies in support of the national counterdrug R&D effort. The agencies receiving the funds assumed all financial and project management responsibilities over these projects. According to CTAC and support agent officials, in addition to providing funds directly to federal agencies, in 1992 CTAC began using support agents to oversee CTAC-sponsored R&D projects. Subsequently, CTAC provided all of its R&D funds to its support agents.

Since its inception, CTAC has received approximately \$116 million for counterdrug R&D. The chart below depicts the distribution of CTAC's R&D funding between CTAC support agents and other federal agencies.

Figure 1: Distribution of CTAC R&D Funds



⁸For example, see H. Conf. Rept. No. 102-234, at 22 (1991); S. Rept. No. 102-95, at 61 (1991); S. Rept. No. 102-353 at 61 (1992).

Use of Support Agents on R&D Projects

CTAC relies on support agents to provide technical and administrative contract support on R&D projects. Technical support includes monitoring a project's cost, performance, and schedule; providing oral or written project progress reports to CTAC; and providing for CTAC's participation in the R&D contractors' progress reviews. Administrative contract support, after the solicitation and selection of a project,⁹ includes awarding and modifying R&D contracts or agreements;¹⁰ managing them on a day-to-day basis; and providing oral or written financial status reports to CTAC. In addition to the reports provided to CTAC by its agents, in some cases, R&D contractors communicate directly with CTAC regarding project status and funding and to obtain guidance. According to CTAC officials, such guidance then is relayed officially through contracting channels.

Agents provide both technical and administrative contract support. Generally, if an agent's primary focus and expertise is in one particular area (e.g., contracting), any additional field of expertise is acquired either through another CTAC agent or by making arrangements to use experts from other federal agencies, industry, or academia. Over the years, CTAC has used five different organizations to provide its technical and administrative contract support. Currently, nearly all of the support is provided by two support agents: (1) the U.S. Army Intelligence Center and Fort Huachuca, Directorate of Contracting and (2) the Department of Defense Intelligence Systems Support Office.¹¹

R&D Funding

Once CTAC's appropriation is enacted, the CTAC Director submits a spending plan to the ONDCP Director for approval. The plan details the amounts to be used for specific projects or initiatives in the various program areas of interest (e.g., supply reduction, tactical technologies). After the ONDCP Director approves the plan, CTAC, in accordance with the plan, enters into interagency agreements with its agents specifying the amount of funds that will be provided for each project or counterdrug research initiative.

According to CTAC officials, CTAC transfers funds to its agents as soon as possible. Generally, all funds are transferred by the end of the second quarter of the fiscal year. As circumstances warrant, CTAC may direct its agents to transfer funds among projects or to transfer funds to another federal agency for counterdrug research and development initiatives. If funds are transferred to another agency, that agency becomes responsible for their management and use. The agents do not obligate

⁹See GAO/GGD-98-28, appendix IV, for an overview on CTAC's use of support agents in identifying and selecting CTAC funded R&D projects.

¹⁰The agreements can be cooperative agreements or interagency agreements between an agent and a third party.

¹¹The other three agents included Naval Surface Warfare Center, U.S. Army Electronic Proving Ground at Fort Huachuca, and the Tennessee Valley Authority.

funds to new or existing projects or terminate an existing contract or agreement without specific direction from CTAC. Enclosed is a flowchart showing CTAC's R&D funding process.

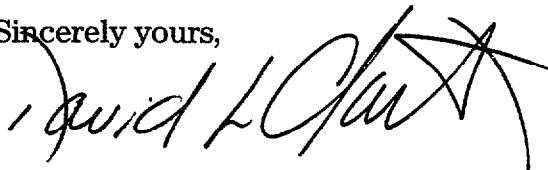
As discussed above, throughout the life of a project, CTAC maintains a current awareness of a project's financial and technical progress through its agents. In this manner, CTAC can and does provide continual detailed direction to the agents concerning matters such as reallocating funds from one project to another, transferring unallocated funds to another federal agency, providing additional funds to ongoing projects, or terminating projects not meeting the research objectives.

We conducted our work from November 1998 through August 1999 in accordance with generally accepted government auditing standards. We did our work primarily in the Washington, D.C., area at CTAC headquarters. We also visited CTAC agents—the U.S. Army Intelligence Center and Fort Huachuca, Directorate of Contracting, Fort Huachuca, Arizona; the U.S. Army Electronic Proving Ground, Fort Huachuca, Arizona; the Tennessee Valley Authority, Knoxville, Tennessee; and the Department of Defense, Intelligence Systems Support Office, Arlington, Virginia.

We are sending copies of this letter to Senator Joseph R. Biden, Jr., Co-Chairman; General Barry R. McCaffrey, Director, ONDCP; Dr. Albert E. Brandenstein, Director, CTAC; and the Honorable Jacob J. Lew, Director, Office of Management and Budget. Copies will also be made available to others upon request.

If you or your staff have any questions regarding this letter, please contact me at (202) 512-9489. Key contributors to this assignment were James O. Benone, Louise DiBenedetto, and Jacquelyn N. Hamilton.

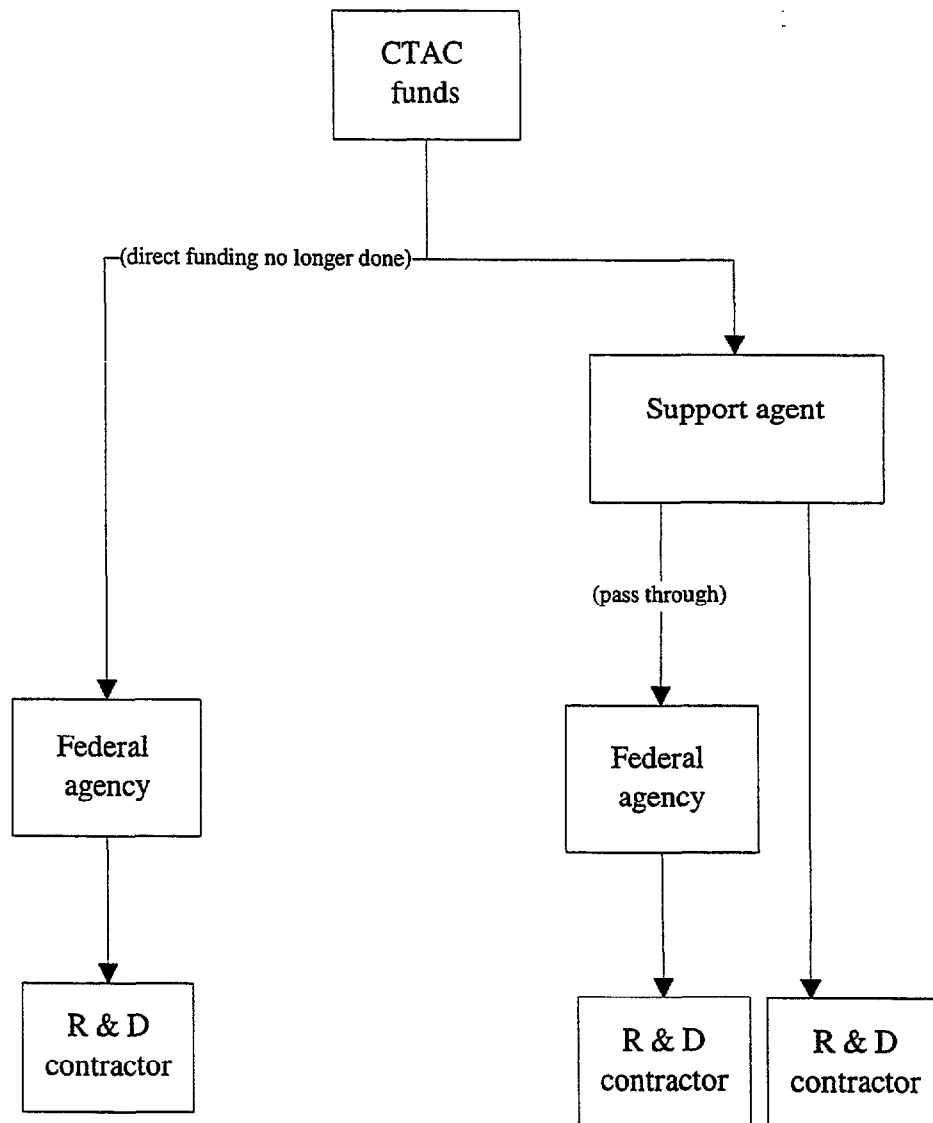
Sincerely yours,

A handwritten signature in black ink, appearing to read "David L. Clark", with a stylized flourish at the end.

David L. Clark
Director, Audit Oversight and Liaison

Enclosure

CTAC's R&D Funding Process



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