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United States General Accounting Office
Washington, DC 20548

December 2, 2002

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

The Honorable Bob Stump
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

Subject: *Cooperative Threat Reduction Program Annual Report*

Section 1308(e) of the National Defense Authorization Act for Fiscal Year 2001 (P.L. 106-398) requires the Comptroller General to provide Congress with an assessment of the Department of Defense's annual report on the Cooperative Threat Reduction (CTR) program within 90 days of the submission of the annual report to Congress. The Department of Defense submitted its CTR annual report for Fiscal Year 2002 to Congress on September 3, 2002, almost 19 months after the submission date mandated by law.

On November 22, 2002, we briefed members of your staff on our assessment of the CTR annual report for Fiscal Year 2002. In summary, we found that the report (1) did not clearly set forth future funding data required by Congress, (2) did not include certain important planning elements, (3) in some instances asserted the use of a more rigorous methodology than was actually used, and (4) incorporated some but not all prior GAO recommendations. We also noted that we had not assessed the validity of the data contained in the annual report because the Department of Defense had not updated most of that data prior to the report's late submission.

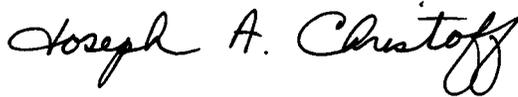
We performed our work in Washington, D.C., from September 2002 through November 2002 in accordance with generally accepted government auditing standards.

We obtained comments on the information contained in the enclosure from the Director of the Department of Defense's CTR Policy Office. In general he concurred with our findings.

We are sending copies of this report to the Honorable Donald Rumsfeld, Secretary of Defense, and interested congressional committees. The report will also be available at no charge on GAO's home page at <http://www.gao.gov>.

If you or your staff have any questions regarding this assessment, please contact me at (202) 512-8979. James Shafer, Beth Anne Hoffman León, Hynek Kalkus, Pierre Toureille, and Lynn Cothorn also made key contributions to this report.

Sincerely,

Handwritten signature of Joseph A. Christoff in black ink.

Joseph Christoff
Director, International Affairs and Trade

Enclosure



Cooperative Threat Reduction Annual Report for FY 2002

**Briefing to the Staffs of the
Armed Services Committees**

November 22, 2002



Overview

- Background
 - GAO Objectives
 - Results
 - Five Year Plan
 - Accountability Report
-

Background



Congress began requiring annual Cooperative Threat Reduction reports on planning and accountability in the mid-1990s

- DOD's Cooperative Threat Reduction (CTR) program helps former Soviet states in reducing threat of weapons of mass destruction.
- In mid-1990s, Congress directed DOD to report annually on CTR multiyear planning and accountability efforts.
 - Multiyear plan for DOD's use of the amounts provided for CTR; intended to guide preparation of annual budgets
 - due with budget justification materials
 - Report on efforts to ensure that CTR aid was being accounted for and used as intended
 - due January 31st of each year
 - GAO assessment required 30 days after report's submission

Background



Congress consolidated CTR reporting requirements in 2000 to facilitate more timely submission of data

- DOD typically submitted CTR planning and accountability reports to Congress months after they were due.
- Congress consolidated CTR reporting requirements in 2000.
 - Cited need for more timely submission of data
 - Required that the new CTR annual report include
 - plan setting forth amount and purpose of funding to be provided over next 5 years; to guide preparation of annual budgets
 - section describing efforts to ensure that CTR aid is being accounted for and used as intended
 - Required that annual report be submitted first Monday of February
- Congress also required GAO to provide Congress with its assessment of the five-year plan and the accountability section within 90 days of the annual report's submission.

Background



First consolidated CTR annual report submitted 19 months late

- First consolidated CTR annual report (for fiscal year 2002) was due February 5, 2001.
- DOD submitted the FY 2002 annual report on September 3, 2002.
 - Information generally not updated beyond January 2001 information cut off date
- According to DOD officials, late submission was result of
 - Questions regarding out year budgets and program scope, due in part to new administration's review of CTR program
 - Absence of confirmed DOD officials during the transition
 - Relatively low priority
 - September 11 aftermath



GAO Objectives

- Determine whether five-year plan addresses congressional requirements and federal strategic planning guidance
- Determine whether accountability section addresses congressional requirements and past GAO recommendations



Results in Brief

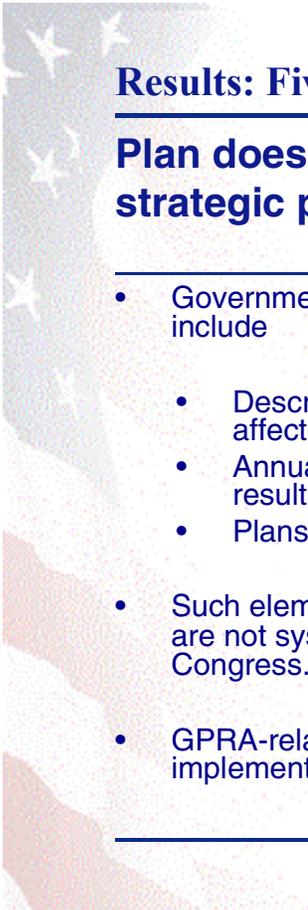
- FY 2002 five-year plan
 - does not clearly address all congressional requirements (does not clearly set forth the amount of CTR funding to be provided over 5 years)
 - does not include important planning elements
 - Accountability section
 - addresses the elements required by Congress
 - asserts use of more rigorous methodology than actually used
 - incorporates some but not all prior GAO recommendations
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Results: Five-Year Plan



Plan does not clearly set forth amount of CTR funding

- Plan does not clearly set forth the amount of funding that DOD planned to provide over the five-year term of the plan.
 - Amount must be deduced from summary table; \$2.173 billion was planned to have been provided over FY 2003-2007.
 - Previous CTR multiyear plan (FY 2001) had clearly presented five-year funding amount by fiscal year.
- According to DOD officials, DOD comptroller was unwilling to endorse a clearer presentation in the FY 2002 five-year plan, due to uncertainty regarding program's out year budgets and scope.



Results: Five-Year Plan

Plan does not systematically incorporate key federal strategic planning elements

- Government Performance and Results Act (GPRA) strategic plans should include
 - Description of external factors beyond the agency’s control that could affect its achievement of program goals
 - Annual performance goals that are based on objective measures of results and linked to long-term goals
 - Plans for evaluations to help establish or revise program goals
- Such elements could help guide preparation of annual CTR budgets but are not systematically incorporated in the five-year CTR plan sent to Congress.
- GPRA-related plan is being developed for internal use by CTR implementing agency (Defense Threat Reduction Agency).

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Results: Accountability Section



Addresses the elements required by Congress

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- Describes the condition and location of CTR-furnished equipment
 - Discusses the status of contracts and services and methods to ensure intended use
 - Determines whether assistance provided has been used for the purpose intended
 - Describes the audits and examinations and other such efforts planned for the next year
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Results: Accountability Section



Asserts use of more rigorous methodology than actually used

- Asserts the use of a statistically significant sample on an audit and examination (A&E) visit
- Statistically significant sample not used on A&E visit

Results: Accountability Section



The report incorporates some, but not all, prior GAO recommendations

- Recommendations regarding the completeness of information provided (from GAO's 2000 report) have been incorporated
 - Listing of services included in report
 - Listing of assistance is cumulative from start of program
- Recommendations regarding the planning and scope of A&Es (from GAO's 2001 report) are not reflected