



United States Government Accountability Office  
Washington, DC 20548

March 12, 2009

The Honorable Richard J. Durbin  
Chairman  
The Honorable Susan M. Collins  
Ranking Member  
Subcommittee on Financial Services and  
General Government  
Committee on Appropriations  
United States Senate

The Honorable José E. Serrano  
Chairman  
The Honorable Jo Ann Emerson  
Ranking Member  
Subcommittee on Financial Services and  
General Government  
Committee on Appropriations  
House of Representatives

*Subject: Counterdrug Technology Assessment Center: Clarifying Rationale for the Research and Development Funding Decisions Would Increase Accountability*

This letter formally transmits the summary of an oral briefing we gave on December 8, 2008, and subsequent agency comments. We gave this briefing in response to Senate Report 110-129, accompanying the 2008 Financial Services and General Government Appropriations Bill. In accordance with direction in that report, and in consultation with House and Senate Appropriation Committee staff, we are reporting on the Office of National Drug Control Policy's (ONDCP) Counterdrug Technology Assessment Center (CTAC). Specifically, we address issues pertaining to CTAC's use of funds since fiscal year 2003, the ONDCP Director's approach to funding decisions for research and development, CTAC's measures of performance, and CTAC's reorganization in 2007. To conduct this work, among other things, we analyzed memorandums of agreement and CTAC interagency agreements that documented how funds were to be allocated during fiscal years 2003 to 2008; compared available information on how the ONDCP Director made research and development funding decisions for fiscal year 2003 through 2008 with criteria in GAO's Standards for Internal Control in the Federal Government; and interviewed relevant CTAC and ONDCP officials.

In summary, since fiscal year 2003, CTAC has allocated funds to a variety of efforts to treat and prevent drug abuse and reduce the availability, production, and distribution

of illicit drugs by transferring appropriated funds for its two programs—research and development and technology transfer—to its contracting agents. However, CTAC officials lacked confidence in the information on expenditures provided by its contractor, prompting CTAC to replace its primary contracting agent in March 2007. CTAC’s contracting agents did not obligate \$17.8 million (about 20 percent) of CTAC’s fiscal year 2004 through 2007 research and development appropriations to specific projects, and returned these funds to CTAC. CTAC transferred all of its appropriations related to its technology transfer program since fiscal year 2003 to contracting agents, and CTAC was in the process of phasing out the program in October 2008 due to lack of funding. The ONDCP Director’s approach to making research and development funding decisions is not documented and, therefore, not fully consistent with internal control standards. Thus, we are recommending that the ONDCP Director identify the role that different factors play in funding decisions, and document the basis used to select particular research and development project concepts for funding, including the rationale for selecting certain project concepts over others. For additional information on a summary of the results of our work, see slides 13 through 15.

In commenting on a draft of this report, ONDCP agreed with our findings and recommendation.

We are sending copies of this report to the appropriate congressional committees, the Director of ONDCP, and other interested parties. This report will also be available at no charge on our Web site at <http://www.gao.gov>. Should you or your staffs have any questions concerning this report, please contact me at (202) 512-6510 or [LarenceE@gao.gov](mailto:LarenceE@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Evi Rezmovic, Assistant Director; Billy Commons; Marvin McGill; Doris Page; Janay Sam; and Adam Vogt.



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Enclosure

# Enclosure: Briefing for Congressional Committees



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## **COUNTERDRUG TECHNOLOGY ASSESSMENT CENTER**

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### **Clarifying Rationale for Research and Development Funding Decisions Would Increase Accountability**

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# Briefing Overview

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# Introduction

- The Office of National Drug Control Policy (ONDCP) establishes priorities, policies, and objectives for the nation's drug control program. The Counterdrug Technology Assessment Center (CTAC) was established within ONDCP in fiscal year 1991 to (1) oversee and coordinate counterdrug technology initiatives in federal drug control agencies and (2) fund counterdrug research projects to help fill gaps in the development of technology.
- CTAC administers two programs to support the President's National Drug Control Strategy.
  - Counterdrug research and development program (R&D): designed to focus funding on reducing the demand for and supply of illicit drugs by advancing the technological capabilities of federal drug control agencies.<sup>1</sup> Demand reduction involves efforts to treat and prevent drug abuse; supply reduction involves efforts to reduce the availability, production, and distribution of illicit drugs. The R&D program received its first congressional appropriation in fiscal year 1992.
  - Technology transfer program (TTP): designed to focus funding on supply reduction by providing technology and training to state, local, and tribal law enforcement agencies for counterdrug missions. TTP received its first appropriation in fiscal year 1998.

<sup>1</sup>Federal drug control agencies include the National Institute on Drug Abuse and the Drug Enforcement Administration, among others.

## Introduction (cont'd)

- Funding for the two programs declined from fiscal year 2003 to fiscal year 2008. (See appendix I for funding figures by fiscal year.)
  - For R&D, funding declined from nearly \$22 million in fiscal year 2003 to \$1 million in fiscal year 2008.
  - For TTP, funding declined from nearly \$26 million in fiscal year 2003 to \$0 in fiscal year 2008.
- CTAC has undergone several changes in recent years.
  - In November 2006, the ONDCP Director appointed a new Chief Scientist to serve as director of CTAC,<sup>2</sup> the center was reorganized, and the ONDCP Director changed the focus of the R&D program to more closely align it with the National Drug Control Strategy.

<sup>2</sup>Pursuant to the Office of National Drug Control Policy Reauthorization Act of 2006, Pub. L. No. 109-469, § 401, 120 Stat. 3502, 3525-27 (Dec. 29, 2006), there shall be at the head of the Center the Chief Scientist, who shall be appointed by the ONDCP Director from among individuals qualified and distinguished in the area of science, medicine, engineering, or technology. Codified at 21 U.S.C. § 1707(b).

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## Introduction (cont'd)

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- In March 2007, CTAC replaced its primary contracting agent, the Army's Electronic Proving Grounds (EPG), with the Navy's Space and Naval Warfare Systems Center (SPAWAR).
- By statute, the ONDCP Director does not have authority to award contracts and manage individual projects or other operational activities.<sup>3</sup> Instead, CTAC must employ contracting agents to initiate the contracting process and manage individual contracts and projects. Therefore, after CTAC receives an appropriation from Congress, it transfers funds to its contracting agent who, in turn, obligates and expends the funds.

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<sup>3</sup>21 U.S.C. § 1707(d).

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## Introduction (cont'd)

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- ONDCP's Director makes the final determination about which CTAC R&D project concepts to fund. Project concepts are proposals developed by CTAC staff for the ONDCP Director's consideration in making R&D funding decisions. Project concepts are to be funded in accordance with (1) the goals of the President's National Drug Control Strategy, and (2) ONDCP's operational priorities. Based on information provided to the ONDCP Director about the findings of R&D projects, the Director also determines which projects should form the basis for policy or program direction.
  - In Senate Report 110-129, accompanying the 2008 Financial Services and General Government Appropriations Bill, H.R. 2829, 110th Cong. (2007), the Senate Appropriations Committee expressed concern about ONDCP's management of grants and its organization. The Senate Report directed GAO to review ONDCP's grants management systems and other funding systems, emphasizing the criteria and methodology used to award and distribute grant funds. In consultation with congressional staff, this report focuses on issues pertaining to CTAC's use of funds since fiscal year 2003, the ONDCP Director's approach to funding decisions for CTAC's R&D program, CTAC's measures of performance, and CTAC's reorganization in 2007.
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# Objectives, Scope, and Methodology

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## Objectives

1. Since fiscal year 2003, how has CTAC allocated funds for counterdrug efforts, and how were congressional appropriations for CTAC's R&D and TTP programs expended?
  2. To what extent has the ONDCP Director's approach to making funding decisions regarding CTAC's R&D program been consistent with internal control standards?
  3. How, if at all, does ONDCP assess the results of CTAC's programmatic efforts?
  4. What were ONDCP's reasons for reorganizing CTAC in 2007, and what was the sequence of events relating to the reorganization?
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## Objectives, Scope, and Methodology (cont'd)

- To determine how CTAC has allocated funds for counterdrug efforts, and how CTAC appropriations were expended, we
  - analyzed memorandums of agreement and CTAC interagency agreements that documented the funds CTAC transferred to its contracting agents and how the funds were to be allocated during fiscal years 2003 to 2008. We also reviewed amended CTAC interagency agreements and other documents concerning funds the contracting agents returned to CTAC during that period, and the receipts for those funds. Based on our review, we believe the information on the transfer and return of CTAC's funds to be sufficiently reliable for the purposes of our work;
  - interviewed current CTAC officials and two former directors of CTAC to obtain their perspectives on program operations, and the funding and expenditure decisions made during their tenure;
  - interviewed EPG and SPAWAR staff responsible for managing the CTAC contract in order to learn about their contract management procedures, and obtain information about their expenditure of CTAC funds; and
  - interviewed the chairman of the International Association of Chiefs of Police's Investigative Operation Committee, to discuss views concerning the impact of losing TTP training and equipment on local law enforcement organizations.

## Objectives, Scope, and Methodology (cont'd)

- To determine the extent to which the ONDCP Director's approach to making funding decisions for CTAC's R&D program were consistent with internal control standards, we
  - reviewed applicable laws and regulations and CTAC interagency agreements outlining the operational and financial relationship between CTAC and its contracting agents;
  - compared available information on how the ONDCP Director made R&D funding decisions for fiscal year 2003 through 2008 with criteria in GAO's *Standards for Internal Control in the Federal Government*,<sup>4</sup> and
  - interviewed CTAC officials to determine the procedures CTAC and its contracting agents used to identify, prioritize, select, and award contracts and grants for CTAC's programs.

<sup>4</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

## Objectives, Scope, and Methodology (cont'd)

- To determine how ONDCP assesses the results of CTAC's programmatic efforts, we
  - reviewed CTAC's performance measures, goals, and targets for fiscal year 2008;
  - reviewed GAO criteria on key attributes of successful performance measures<sup>5</sup> and relevant sections of the Government Performance and Results Act of 1993 (GPRA);<sup>6</sup> and
  - interviewed cognizant ONDCP and CTAC officials.
- To determine ONDCP's reasons for reorganizing CTAC in 2007 and the sequence of events relating to the reorganization, we
  - reviewed relevant statutes and correspondence between ONDCP and congressional staff regarding the agency's rationale and timetable for the CTAC reorganization; and
  - interviewed cognizant ONDCP and CTAC officials.

<sup>5</sup>GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

<sup>6</sup>Pub. L. No. 103-62, 107 Stat. 285 (1993). The Government Performance and Results Act of 1993 was intended to address several broad purposes, including strengthening the confidence of the American people in their government; improving federal program effectiveness, accountability, and service delivery; and enhancing congressional decision making by providing more objective information on program performance.

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## Objectives, Scope, and Methodology (cont'd)

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- We conducted this performance audit from April 2008 to March 2009 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.

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## Summary

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- Since fiscal year 2003, CTAC has allocated funds to a variety of demand and supply reduction efforts by transferring appropriated funds to its contracting agents; but, CTAC officials lacked confidence in the information on expenditures provided by EPG, prompting CTAC to replace EPG with SPAWAR as its primary contracting agent in March 2007. For its R&D program, CTAC's emphasis was on funding demand reduction efforts during fiscal years 2003 to 2005, and supply reduction efforts during fiscal years 2006 and 2007. CTAC's contracting agent did not obligate \$17.8 million (about 20 percent) of CTAC's fiscal year 2004 through 2008 R&D appropriations to specific projects, and returned these funds to CTAC. With respect to TTP, CTAC transferred all of its TTP appropriations since fiscal year 2003 to contracting agents, and CTAC was in the process of phasing out the program in October 2008, due to lack of funding.

## Summary (cont'd)

- The ONDCP Director's approach to making R&D funding decisions is not documented and, therefore, not fully consistent with internal control standards. Although the ONDCP Director is not required to document his rationale for selecting particular R&D project concepts for funding, the absence of information on what factors he considered when making particular decisions, and how he determined that certain R&D project concepts should be funded and others not, makes it difficult to know if ONDCP has funded the counterdrug community's highest priority research and technology needs.
- CTAC established output and outcome performance measures to assess achievement of its R&D goals,<sup>7</sup> and both measures are generally consistent with attributes that characterize successful performance measures. However, CTAC has not documented the methodology it uses to calculate the outcome of its R&D program. As a result, it is not clear to stakeholders that the measure of program outcome—percentage of research projects that contribute to policy or program direction—is limited to R&D projects that contributed to the ONDCP Director's decision to issue policy or provide program direction to national drug control agencies and also received appropriated funds during the same fiscal year. CTAC officials stated they are working with the Office of Management and Budget to address this issue.

<sup>7</sup>An output measure describes the level of activity to be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outcome measures describe the intended results of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the public.

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## Summary (cont'd)

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- ONDCP's stated reason for reorganizing CTAC in 2007 was to strengthen CTAC's research capabilities. ONDCP's 2006 appropriations act, Pub. L. No. 109-115, contained a general prohibition on agencies, including ONDCP, from using funds to reorganize different from the budget justifications submitted to the Committees on Appropriations or from other specified documentation, unless prior approval was received from the Committees on Appropriations. This restriction continued into fiscal year 2007 through a series of continuing appropriations resolutions. On December 1, 2006, ONDCP notified the Appropriations Committees of its plans to reorganize; however, committee staff in a number of correspondences indicated that ONDCP should wait on its reorganization plans. ONDCP proceeded with the reorganization, effective January 22, 2007.
  - We are recommending that the ONDCP Director identify the role that different factors played in funding decisions, and document the basis for selecting specific R&D project concepts for funding, including the rationale for selecting certain project concepts over others. ONDCP agreed with the findings and recommendation in this report and stated that identifying and documenting the director's decision making process should promote greater transparency in funding decisions and accountability for the best use of R&D funds.
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## Objective 1- CTAC's Use of Funds for R&D

- Since fiscal year 2003, CTAC has allocated funds to a variety of demand and supply reduction efforts by transferring \$181.8 million in appropriated R&D and TTP funds to its contracting agents. But CTAC officials were uncertain how much money its agent, EPG, had expended during fiscal years 2003 to 2006 because the officials said they lacked confidence in the accuracy of EPG's financial information and, therefore, replaced EPG with SPAWAR.
- Emphasis in R&D funding changed from demand reduction (in fiscal years 2003 to 2005) to supply reduction in fiscal years 2006 to 2007.
  - Of a total of \$56.5 million in appropriations during fiscal years 2003 to 2005, CTAC transferred nearly \$38.8 million, or 69 percent, for demand reduction, and about \$8.4 million for supply reduction efforts. The remainder—\$9.2 million<sup>8</sup>—was transferred for both demand and supply reduction efforts. The primary emphasis in demand reduction involved reimbursing research facilities for purchases of brain imaging systems. Projects related to supply reduction included the development of body-worn surveillance receivers for law enforcement.

<sup>8</sup>The figures do not sum to \$56.5 million due to rounding.

## Objective 1- CTAC's Use of Funds for R&D (cont'd)

- Of a total of \$23.9 million in appropriations during fiscal years 2006 and 2007, CTAC transferred about \$11.5 million, or 48 percent, for supply reduction, and about \$4.0 million for demand reduction efforts. The remainder—\$8.4 million—was transferred for both demand and supply reduction efforts. In 2006, CTAC reported that it refocused the R&D program to fund projects that it believed aligned more closely with the goals of the National Drug Control Strategy.
- In fiscal year 2007, CTAC discontinued funding imaging equipment as a result of, among other things, a determination by an external technology review committee that drug abuse researchers no longer had a need for new imaging systems. CTAC began funding projects to (1) test the feasibility of adding a biomeasure, such as hair or urinalysis, to validate self-reported drug use (demand reduction); and (2) develop license plate reader technology for law enforcement (supply reduction); among others.

## Objective 1- CTAC's Use of Funds for R&D (cont'd)

- Although CTAC officials knew how much money they transferred to the contracting agents, they lacked confidence in EPG's expenditure information, prompting CTAC to replace EPG with SPAWAR as its primary contracting agent. This meant that for the period of our study, CTAC was not certain of how much money EPG spent on CTAC contracts during fiscal years 2003 through 2006. In contrast, CTAC officials said they were confident in the financial information of SPAWAR, which replaced EPG as the primary contracting agent in March 2007.
- A 2004 CTAC internal review and a 2005 ONDCP-initiated independent review of EPG by the management consulting firm, Deloitte, identified financial and reporting risks at EPG. These included EPG not providing detailed financial information to CTAC regarding the use of program funds and EPG not following CTAC's guidance for administering funds. According to CTAC officials, EPG did not comply with recommendations for improvement and did not have data systems capable of producing the increasingly detailed financial information that CTAC needed. EPG's Deputy Program Director, who had managed the CTAC contract, told us that EPG's level of support was not what CTAC wanted.

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## Objective 1- CTAC's Use of Funds for R&D (cont'd)

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- CTAC officials stated that due to their lack of confidence in EPG, they did not transfer any funds to EPG during the first half of fiscal year 2007, a period during which EPG was still CTAC's primary contracting agent. They said they transferred all fiscal year 2007 funds to the new contracting agent, SPAWAR.
- In replacing EPG with SPAWAR, CTAC took steps to monitor SPAWAR's expenditures through a detailed project status report; holding weekly teleconferences; and meeting monthly to discuss the status of each R&D project and resolve issues.

## Objective 1- CTAC's Use of Funds for R&D (cont'd)

- \$18.8 million in R&D funds from fiscal years 2004 through 2008 were returned to or retained by CTAC.
  - Contracting agents returned \$17.8 million in transferred but unobligated funds.
    - CTAC officials said that, largely because CTAC's fiscal year 2008 appropriation had declined to \$1.0 million, EPG and SPAWAR returned unobligated funds from fiscal years 2004 through 2007.
    - According to CTAC officials, reasons why funds had not been obligated<sup>9</sup> during fiscal years 2004 through 2007 included: (1) changes in CTAC's R&D priorities and (2) organizational changes within CTAC. CTAC officials said an example of a project where funds were not obligated is a \$5 million 2006 R&D initiative intended to promote understanding of how genetics contributes to the brain's response to drug abuse. They said funds were not obligated for this initiative because, among other things, the contracting agent had difficulty identifying potential contractors with requisite expertise, CTAC was transitioning between contracting agents, and CTAC's appropriation had been reduced.
  - CTAC did not transfer any of its \$1.0 million fiscal year 2008 appropriation to the contracting agent. As of December 2008, it continued to retain these funds.

<sup>9</sup>Among other things, an obligation is a legal liability for the government to pay for goods and services ordered or received. See GAO, *Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sep. 2005).

## Objective 1- CTAC's Use of Funds for R&D (cont'd)

- Congress limited CTAC's fiscal year 2008 appropriation to \$1.0 million. The Senate Appropriations Committee indicated that CTAC had substantial unused R&D funds from prior fiscal years. CTAC did not transfer the \$1.0 million because the project it intended to fund was an ongoing, multiphase project that was behind schedule.
- CTAC reallocated about half of the \$18.8 million in returned and retained funds to new and existing R&D projects.
  - As of December 2008, CTAC had transferred to its contracting agents, and the agents had obligated or already expended, about \$10.1 million, or 54 percent, of the \$18.8 million in R&D funds that were returned or retained.<sup>10</sup>
  - As of December 2008, CTAC had not transferred to its contracting agents the remaining \$8.7 million, or 46 percent, in returned or retained R&D funds. However, according to CTAC officials, ONDCP had developed or was developing plans for these funds.
    - The then-ONDCP Director approved allocating \$7.0 million for several projects, including license plate reader technology for law enforcement, one of CTAC's ongoing priority projects.
    - CTAC was developing recommendations on how to spend the remaining \$1.7 million.

<sup>10</sup>In some instances, rather than transferring funds to its primary contracting agent, CTAC transferred funds directly to federal drug control agencies, such as the Drug Enforcement Administration, to manage R&D projects.

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## Objective 1- CTAC's Use of Funds for TTP (cont'd)

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- As with the R&D program, CTAC had information on the amount of funds it transferred to its contracting agent for TTP, but officials were not confident in the accuracy of the agent's financial information related to expenditures for fiscal years 2003 through 2006.
  - CTAC transferred all of its \$99.3 million in TTP appropriations since fiscal year 2003 to EPG and SPAWAR to provide law enforcement-related equipment and training to state, local, and tribal law enforcement agencies.

# Objective 1- CTAC's Use of Funds for TTP (cont'd)

- TTP provided equipment and training for counterdrug operations at no cost to state, local, and tribal law enforcement agencies. In fiscal year 2007, the following categories of equipment and funding were available for TTP.

**Table 1: TTP Equipment and Funding Expenditures in Fiscal Year 2007<sup>a</sup>**

Equipment	Description	Funding expenditures (in millions)
Information management systems	Analytic software systems for telephone surveillance, intelligence, and case management applications	\$1.3
Intercept systems	Systems for law enforcement agencies to legally intercept, record, and play back telephone and wireless telephone communications	3.0
Tracking systems	Real-time and data-logging covert vehicle tracking systems that use Global Positioning Systems	1.0
Audio/video surveillance devices	Covert transmitter and receiver systems for undercover operations	2.2
Digital evidence analysis systems	Modular toolkits for digital forensic examination from acquisition to analysis and reporting	\$1.3

Source: CTAC.

<sup>a</sup>CTAC also allocated \$576,000 and \$600,000, respectively, to administrative and training costs.

## Objective 1- CTAC's Discontinuation of TTP

- ONDCP officials said they did not request an appropriation for TTP for fiscal years 2007 and 2008 because of competing budgetary priorities. Congress nonetheless appropriated \$10 million for TTP for fiscal year 2007, but did not appropriate any new funds for fiscal year 2008.
- CTAC officials said they have begun to phase out TTP because of a lack of funding, and it would take time and resources to reestablish it. CTAC officials estimated it would take at least 1 year to reestablish the program, and an annual funding level of \$10 million to maintain a technology transfer program with a national scope.
- A law enforcement organization expressed concern about discontinued TTP funding. According to the Chairman of the International Association of Chiefs of Police's Investigative Operation Committee, the loss of TTP is significant for local law enforcement. He noted that (1) resources are not available at the local level to purchase the equipment ONDCP provided, and (2) local law enforcement cannot replace the expertise of CTAC staff in understanding trends and changes in emerging technologies.

## Objective 2- Funding Decisions

- The ONDCP Director's approach to making R&D funding decisions is not documented and, therefore, not fully consistent with internal control standards.<sup>11</sup>
- Following input from CTAC, the ONDCP Director determines which R&D project concepts to fund.
  - The Chief Scientist and CTAC officials said they develop an initial list of R&D funding priorities based on potential projects' (1) alignment with the National Drug Control Strategy's priorities and ONDCP's operational priorities (see appendix II), (2) estimated implementation costs, (3) level of technical risk, (4) scope, (5) potential for multiple agencies to benefit from the research, and (6) amount of funds available.<sup>12</sup>
  - According to CTAC officials, the ONDCP Director, in accordance with his statutory authority, can accept or modify CTAC's list of funding priorities and associated funding levels. They noted that there have been instances where the Director has modified CTAC's list of funding priorities, but did not have information on its frequency.

<sup>11</sup>There are five internal control standards: control environment, risk assessment, control activities, information and communications, and monitoring. We determined that the ONDCP Director's approach to R&D funding decisions was not consistent with the standard on control activities, which requires, among other things, clear documentation of significant events.

<sup>12</sup>Appendix III contains additional information on the R&D and TTP funding process; and appendix IV contains information on the process for awarding R&D funds and selecting recipients of TTP equipment.

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## Objective 2- Funding Decisions (cont'd)

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- The ONDCP Director may determine the ranking and allocation of funds for project concepts and is not required to document his rationale for selecting particular project concepts.
    - In any given year, according to CTAC officials, there are many more project concepts than can be funded. Given the broad priorities of the National Drug Control Strategy and ONDCP, virtually all of the project concepts being considered by the ONDCP Director may be consistent with these priorities.
    - According to CTAC officials, the ONDCP Director has based his R&D funding decision on factors such as the feasibility of project success, project costs, and potential widespread applicability of the results. However, there is no documentation on whether and how he used these and/or other factors in arriving at funding decisions, how he weighted the various factors, and what his rationale was for funding certain project concepts over others. As a result, there is a lack of transparency in how funding decisions have been made, and it is difficult to know whether the project concepts the ONDCP Director selected for funding met the highest priority research and technology needs of the counterdrug community.
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## Objective 2- Funding Decisions (cont'd)

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- GAO's internal control standards state that all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination.
- CTAC officials noted that the ONDCP Director has not documented his funding decisions because the law does not require it. They agreed that such information could be developed and said that it could potentially be included in the spending plan ONDCP submits to Congress.

## Objective 3- CTAC Performance

- CTAC established output and outcome performance measures to assess achievement of its R&D goals, and both measures are generally consistent with attributes that characterize successful performance measures. However, CTAC's methodology for calculating its R&D program outcome is not documented and, therefore, not clear to stakeholders.
- In accordance with GPRA,<sup>13</sup> CTAC established goals, objectives, and outcomes to show how projects can be expected to contribute to intended results, and measures of performance for its R&D program output and outcome.
  - The goals, objectives, and outcomes/impacts for CTAC's R&D program are as follows:
    - Program goals: Advance and improve demand and supply reduction research and development to enhance understanding of and counteractions against illegal drug markets.
    - Program objectives: Conduct research projects to broaden understanding of the demand and supply side of illegal drug markets and develop technology to assist demand and supply reduction efforts.
    - Outcomes/program impacts: Improved understanding of the demand and supply side of illegal drug markets and improved demand and supply reduction efforts.

<sup>13</sup>Pub. L. No. 103-62, 107 Stat. 285 (1993)

## Objective 3- CTAC Performance (cont'd)

- CTAC's R&D output and outcome performance measures are as follows:
  - Output measure:
    - CTAC definition: number of research projects initiated to expand understanding of the demand- and supply-side of illegal drug markets.<sup>14</sup>
    - Fiscal year target: amount of anticipated CTAC R&D appropriation divided by the approximate cost per R&D project in prior fiscal years.
  - Outcome measure:
    - CTAC definition: Percentage of research projects that form the basis of or contribute to policy or program direction.
      - According to CTAC officials, the ONDCP Director (1) receives contractor- and CTAC-prepared information on the findings of R&D projects, (2) determines whether the findings are compelling and can help address a counterdrug need, and (3) decides whether to use the available information as a basis for issuing policy or program direction to national drug control agencies.
    - Fiscal year target: This is based on CTAC officials' judgment of the percentage of R&D projects that will generate a finding that contributes to policy or program direction. According to CTAC officials, a 50 percent target is reasonable because not all R&D projects will produce positive findings that can form the basis of or contribute to policy or program direction.

<sup>14</sup>Projects initiated refers to new R&D project concepts that ONDCP plans to allocate funding to, as documented in the fiscal year spending plan submitted to Congress. According to CTAC officials, the term research projects refers to R&D project concepts.

## Objective 3- CTAC Performance (cont'd)

**Table 2: Fiscal Years 2007-2009 Performance Measures and Targets for CTAC's R&D Program**

Performance measures	Fiscal year				
	2007		2008		2009
	Target	Actual	Target	Actual	Target
<b>1: Output measure</b> -Number of research projects initiated to expand understanding of the demand- and supply-side of illegal drug markets.	5	15	2	1 <sup>a</sup>	7
<b>2: Outcome measure</b> -Percentage of research projects that form the basis of or contribute to policy or program direction (new fiscal year 2008 measure).	No outcome measure established		50%	To be reported	50%

Source: ONDCP.

<sup>a</sup>In fiscal year 2008, CTAC initiated one R&D project with an appropriation of \$1.0 million.

## Objective 3- CTAC Performance (cont'd)

- We have previously reported that successful performance measures have the following key attributes.<sup>15</sup>
  1. Linkage with the goals and mission of the agency
  2. Clarity in how it is stated, named, and defined; and consistent with the methodology used to calculate it
  3. Objectivity in being reasonably free from significant bias or manipulation
  4. Reliability in producing the same result under similar conditions
  5. Measurable target in having a numerical goal
  6. Core programs activities in covering the activities that an entity is expected to perform to support the intent of the program
  
- CTAC's output measure (number of research projects initiated) is generally consistent with the six key attributes of successful performance measures.

<sup>15</sup>GAO-03-143. GAO used various performance management literature, including GPRA, to develop a set of nine specific attributes of successful performance measures. We determined that six of the nine key attributes of successful performance measures were applicable to our study.

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## Objective 3- CTAC Performance (cont'd)

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- CTAC's outcome measure is consistent with five of the six key attributes of successful performance measures. The measure
    - is linked to agency goals and mission;
    - has a measurable target;
    - is objective;
    - is reliable; and
    - supports core program activities.
  - However, CTAC's methodology for calculating the outcome of its R&D program is not clear to stakeholders.
    - In accordance with OMB requirements, R&D projects that do not receive funding during the same fiscal year in which they contributed to policy or program direction are not included in the calculation. Instead, the outcome measure is based only on projects that contributed to policy or program direction and also received funding during the same fiscal year. OMB's reporting requirements do not provide for agencies to report on R&D projects that did not receive funding during the fiscal year. However, CTAC has not documented its methodology for calculating the outcome of its R&D program and, therefore, it is not clear to stakeholders that CTAC excludes such projects from its performance calculation. CTAC officials told us they are currently working with OMB to address this issue.
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## Objective 3- CTAC Performance (cont'd)

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- CTAC's performance measures provide information on its R&D program activities and the effect of R&D findings on the ONDCP Director's policy and program decisions. They do not provide information on the effectiveness of CTAC's R&D projects in reducing the demand for and supply of drugs. We have previously reported that performance measurement in the area of drug control is difficult, in part because it is difficult to isolate the full impact and effectiveness of a single program without considering the role of other drug control efforts.<sup>16</sup> Similarly, CTAC officials noted that determining R&D projects' contribution to the effectiveness of policies or programs in reducing the supply and demand of drugs would be very difficult given the great number of intervening variables that would have to be taken into consideration.

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<sup>16</sup>GAO, *Drug Control: Reauthorization of the Office of National Drug Control Policy*, T-GGD-97-97 (Washington, D.C.: May 1, 1997).

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## Objective 4- CTAC Reorganization

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- CTAC was reorganized in January 2007, following a 7-week period during which ONDCP and the Appropriations Committees exchanged a number of correspondences about ONDCP's proposed reorganization which, according to ONDCP, was intended to strengthen CTAC's research capabilities.
  - Reorganization activities
    - The general provisions of the 2006 appropriations act for ONDCP, Pub. L. No. 109-115, prohibited agencies, including ONDCP, from using funds appropriated for obligation or expenditure to reorganize the agency different from the budget justifications submitted to the Committees on Appropriations or from other specified documentation, unless prior approval was received from the Committees on Appropriations. This restriction continued into fiscal year 2007 through a series of continuing appropriations resolutions.
    - ONDCP advised Congress on December 1, 2006, that it intended to reorganize CTAC. The stated purpose was to ensure a more integrated and coordinated approach to research; and improve oversight of and support for the ONDCP Director's research priorities.
-

## Objective 4- CTAC Reorganization (cont'd)

- Prior to the reorganization, Appropriations Committee staff indicated in a number of correspondences that ONDCP should not proceed with its reorganization plans.
- ONDCP finalized the CTAC reorganization on January 22, 2007. (See appendix V for a description of the reorganization timeline.)
- ONDCP transferred its policy research and performance measures development functions into CTAC, thereby placing them under the authority of the Chief Scientist.<sup>17</sup>
- Eight full time equivalent positions were reassigned from ONDCP's Office of Planning and Budget, which housed the policy research and performance measure functions, into CTAC.
- The Revised Continuing Appropriations Resolution of 2007, Pub. L. No. 110-5, states that the structure of any of the offices or components within the Office of National Drug Control Policy shall remain as they were on October 1, 2006. CTAC officials told us they did not return to the previous structure because, among other things, the CTAC reorganization had taken place on January 22, 2007, prior to the legislation being enacted.

<sup>17</sup>According to CTAC officials, policy research informs the ONDCP Director on drugs issues and the effectiveness of supply and demand reduction program activities in achieving strategic goals and objectives. Performance measures development provides policymakers with data and analysis to measure the performances of drug reduction programs and policies.

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## Conclusions

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- The requirements for the ONDCP Director's R&D funding determinations are broadly stated, making it possible for a wide variety of potential demand and supply reduction project concepts to be eligible for funding. Clarification of how various factors were considered in funding decisions, including the Director's rationale for choosing among project concepts, would facilitate greater accountability for ONDCP's use of funds and provide greater insight into whether CTAC has focused its efforts on the counterdrug community's highest priority research and technology needs.

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## Recommendation

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- To promote greater transparency in funding decisions and increased accountability for the best use of CTAC's R&D funds, we recommend that the ONDCP Director identify the role that different factors played in funding decisions, and document the basis for selecting specific R&D project concepts for funding, including the rationale for selecting certain project concepts over others.

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## Agency Comments

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- We provided a draft of this report to the Office of National Drug Control Policy (ONDCP) for review and comment.
- On March 6, 2009, we received written comments from ONDCP on the draft report, which are reproduced in appendix VI. ONDCP concurred with the findings and recommendation in our report and agreed that identifying selection criteria and documenting the director's decisions should promote transparency in funding decisions and greater accountability for the best use of CTAC's R&D funds.
- Additionally, we received technical comments from ONDCP, which were incorporated where appropriate.

# Appendix I- CTAC Funding

**Table 3: Funding Declined from Fiscal Year 2003 to Fiscal Year 2008**

<b>Fiscal year</b>	<b>R&amp;D budget request (in millions)</b>	<b>R&amp;D funding (in millions)</b>	<b>TTP funding request (in millions)</b>	<b>TTP funding (in millions)</b>
<b>2003</b>	\$18.0	\$20.7 <sup>a</sup>	\$22.0	\$25.8
<b>2004</b>	18.0	17.9	22.0	23.9
<b>2005</b>	18.0	17.9	22.0	23.8
<b>2006</b>	10.0	13.9	20.0	15.8
<b>2007</b>	9.6	10.0	0	10.0
<b>2008</b>	5.0	1.0	0	0
<b>Total</b>	<b>\$78.6</b>	<b>\$82.5<sup>b</sup></b>	<b>\$86.0</b>	<b>\$99.3</b>

Source: CTAC.

<sup>a</sup>CTAC's original appropriation was \$21.86 million. CTAC transferred \$1.150 million of this appropriation to ONDCP's High Intensity Drug Trafficking Areas program in fiscal year 2003.

<sup>b</sup>Does not sum to \$82.5 million due to rounding.

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## Appendix II- Strategy and ONDCP Priorities

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- National Drug Control Strategy's priorities
  1. Stopping Drug Use Before It Starts: education and community action;
  2. Healing America's Users: getting treatment resources where they are needed; and
  3. Disrupting the Market: attacking the economic base of drug trade
  
- ONDCP's operational priorities
  1. Screen, intervene, and treat;
  2. Student drug testing;
  3. Marijuana;
  4. Prescription drug safety/methamphetamine;
  5. International partnerships; and
  6. Southwest border flow

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## Appendix III- R&D and TTP Funding Process

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- R&D funding process
  1. Identify needs: The ONDCP Director and CTAC officials participate in interagency working groups and forums to identify research and technology needs within the counterdrug community.
  2. Rank priorities: CTAC generally solicits project concepts from ONDCP's program offices and federal drug control agencies. CTAC officials said they develop an initial list of funding priorities based on potential projects' (1) alignment with the National Drug Control Strategy's priorities and ONDCP's operational priorities, (2) estimated implementation costs, (3) level of technical risk, (4) scope, (5) potential for multiple agencies to benefit from the research, and (6) amount of funds available. CTAC officials said they submit their initial prioritized list of R&D project concepts to the ONDCP Director and discuss those priorities as necessary.
  3. Select project concepts: According to CTAC officials, the ONDCP Director can accept or modify CTAC's priority rankings and recommended funding levels for project concepts. The ONDCP Director submits a spending plan to Congress that details the amount of funds to be used for new and existing project concepts. The spending plan does not detail the factors the ONDCP Director considered in making the selection, or the rationale for deciding to fund certain project concepts over others.

## Appendix III- R&D and TTP Funding Process (cont'd)

- TTP funding process<sup>18</sup>
  1. Identified and prioritized needs: CTAC officials met with senior law enforcement experts to ascertain their priorities for the equipment to be made available by the TTP program.
  2. Selected TTP equipment: The contracting agent issued a competitive solicitation for proposals. Senior law enforcement experts and the contracting agent reviewed potential contractors' proposals, and determined whether to list the equipment in an online catalogue.<sup>19</sup> The contracting agent selected the contractor, negotiated the terms of the contract, listed the equipment in the online catalogue, and managed the contract.

<sup>18</sup>Describes process in place until fiscal year 2008, when TTP funding was discontinued.

<sup>19</sup>CTAC officials said the catalogue ceased to be posted in fiscal year 2008.

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## Appendix IV- R&D and TTP Award Process

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- R&D award process
  1. Transfer funds to contracting agent: Funds are transferred through interagency agreements between ONDCP and its contracting agent that specify the amount of funding for each R&D project concept.
  2. Solicit proposals: The contracting agent uses (1) in-house resources to fulfill the requirements of the contract, or (2) Broad Agency Announcements or Requests for Proposals to solicit competitive proposals from potential contractors, such as industry, academia, and national laboratories.
  3. Review proposals: Proposals undergo a technical peer review by subject matter experts, which can include contractor technical staff, representatives from stakeholder agencies, and CTAC officials.
  4. Select contractor to carry out R&D project: The contracting agent selects the contractor, negotiates the terms of the contract, and manages the contract.

## Appendix IV- R&D and TTP Award Process (cont'd)

- Process for selecting TTP recipients<sup>20</sup>
  1. Transferred funds to contracting agent: Funds were transferred through interagency agreements that specified the amount of funds to be allocated to the program.
  2. Reviewed applications: The contracting agent posted equipment available in the TTP catalogue<sup>21</sup> on Web site. State, local, and tribal law enforcement agencies submitted applications to the contracting agent for the equipment listed in the TTP catalogue.
  3. Selected recipients: CTAC officials and the contracting agent reviewed applications and selected recipients of the equipment after competitively scoring and ranking applications.

<sup>20</sup>Describes process in place until fiscal year 2008, when TTP funding was discontinued.

<sup>21</sup>CTAC officials said the catalogue ceased to be posted in fiscal year 2008.

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## Appendix V- Reorganization Timeline

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November 30, 2005: The general provisions of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act of 2006, Pub. L. No. 109-115, § 710, 119 Stat. 2396, 2491-92 prohibits the funds provided in the Act, provided by previous appropriations Acts to the agencies or entities funded in the Act that remain available for obligation or expenditure in fiscal year 2006, or provided from any accounts in the Treasury derived by the collection of fees and available to agencies funded by this Act, from being available for obligation or expenditure through a reprogramming of funds that, among other things, creates, reorganizes, or restructures a branch, division, office, bureau, board, commission, agency, administration, or department different from the budget justifications submitted to the Committees on Appropriations or the table accompanying the statement of the managers accompanying this Act, whichever is more detailed, unless prior approval is received from the House and Senate Committees on Appropriations. This restriction continued into fiscal year 2007 through a series of continuing appropriations resolutions.

December 1, 2006: ONDCP sent letters to House and Senate Committees on Appropriations notifying them of the agency's intent to reorganize CTAC and the Office of Planning and Budget, citing Public Law 109-115.

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## Appendix V- Reorganization Timeline (cont'd)

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December 20, 2006: Via e-mail, ONDCP's Office of Legislative Affairs requested a meeting with Senate Committee on Appropriations staff to discuss the CTAC reorganization. Staff from the Senate Committee on Appropriations informed ONDCP that the committee was unavailable and the earliest meeting time would be January 2007.

January 3, 2007: Via e-mail, ONDCP's Office of Legislative Affairs requested a meeting with Senate Committee on Appropriations staff to discuss CTAC's reorganization.

January 4, 2007: Via e-mail, staff from the Senate Committee on Appropriations informed ONDCP that the committee was restructuring and to wait on implementing the reorganization plans.

January 9, 2007: Via e-mail, ONDCP's Office of Legislative Affairs offered to provide written explanation of the CTAC reorganization to the Senate Committee on Appropriations.

January 10, 2007: Via e-mail, staff from the Senate Committee on Appropriations advised ONDCP that the committee's priority was working on the continuing resolution and to wait on implementation of the reorganization plan.

January 17, 2007: ONDCP's Office of Legislative Affairs submitted CTAC's reorganization plan to the Senate Committee on Appropriations and began the process of moving staff based on the reorganization plan.

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## Appendix V- Reorganization Timeline (cont'd)

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January 22, 2007: The ONDCP Director instructed that 8 full time equivalent positions be reassigned from the Office of Planning and Budget to CTAC. Personnel actions for reassigned staff are dated January 22, 2007.

February 15, 2007: The Revised Continuing Appropriations Resolution of 2007, Pub. L. No. 110-5, 121 Stat. 8, 55-56, states that the structure of any of the offices or components within the Office of National Drug Control Policy shall remain as they were on October 1, 2006, and none of the funds appropriated may be used to implement a reorganization of offices without the explicit approval of the House and Senate Appropriations Committees. CTAC officials told us they did not return to the previous structure because, among other things, the CTAC reorganization had taken place on January 22, 2007 prior to the legislation being enacted.

# Appendix VI: Comments from the Office of National Drug Control Policy



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D.C. 20503

March 6, 2009

Eileen R. Larence  
Director, Homeland Security and Justice Issues  
U.S. Government Accountability Office  
Room 6153  
441 G. Street, NW  
Washington, D.C. 20548

Dear Ms. Larence:

We have reviewed the draft report of ONDCP's Counterdrug Technology Assessment Center prepared by the Government Accountability Office (GAO). We appreciate the factual tone of the report and find it to be a balanced and accurate portrayal of this important program.

ONDCP believes that recent enhancements to the program have strengthened it significantly. Starting in FY 2006, ONDCP implemented several changes to improve the transparency and accountability of the CTAC program, including applying a merit-based competitive grant process to the Technology Transfer Program, as well as soliciting R&D concepts from ONDCP program components and other federal drug control agencies, and requiring that such concepts be supportive of the National Drug Control Strategy and/or ONDCP's operational priorities. Additionally, following an independent financial review of the program, initiated by ONDCP, we changed CTAC's primary contracting agent and required improved financial reporting accountability.

We concur with GAO's recommendation to identify selection criteria and document the Director's decision process for approving R&D concepts for funding and agree that this process should promote greater transparency in funding decisions and accountability for the best use of CTAC's R&D funds.

We appreciate GAO's efforts in reviewing the CTAC program and look forward to continued engagement with GAO as we implement the recommendation and move forward with this essential program.

Sincerely,

Edward H. Jurith  
Acting Director

(440703)

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