

United States General Accounting Office

Report to Congress on

DRUG CONTROL

Defense Spending on

South American

Activities

1989

138053



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U.S. Department of Justice
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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-242554

April 21, 1992

Congressional Requesters

This report responds to a request from the Chairman, House Committee on Government Operations, and the requirements of section 1007 of the fiscal year 1991 National Defense Authorization Act (Public Law 101-510). It addresses defense spending for counternarcotics activities for fiscal years 1989 through 1991. The addressees are listed at the end of this letter.

We plan no further distribution of this report until 30 days from its issue date, unless you publicly announce its contents earlier. At that time, we will send copies to the Secretary of Defense; the Director, Office of National Drug Control Policy; and other interested parties upon request.

Please contact me on (202) 275-4841, if you or your staff have any questions concerning the report. Major contributors to the report are Gary K. Weeter, Assistant Director; Robert J. Stolba, Assignment Manager; and Anton G. Blieberger, Evaluator-in-Charge; National Security and International Affairs Division, Washington, D.C.

A handwritten signature in cursive script that reads "Louis J. Rodrigues".

Louis J. Rodrigues
Director, Command, Control, Communications,
and Intelligence Issues

NCIRS

AUG 17 1992

ACQUISITION

B-242554

List of Addressees

The Honorable John Conyers, Jr.
Chairman, Committee on
Government Operations
House of Representatives

The Honorable Sam Nunn
Chairman, Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Joseph R. Biden
Chairman, Senate Caucus on
International Narcotics Control
United States Senate

The Honorable Alfonse M. D'Amato
Co-Chairman, Senate Caucus on
International Narcotics Control
United States Senate

The Honorable Les Aspin
Chairman, Committee on Armed Services
House of Representatives

The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable Charles B. Rangel
Chairman, Select Committee on
Narcotics Abuse and Control
House of Representatives

The Honorable Lawrence Coughlin
Ranking Minority Member
Select Committee on
Narcotics Abuse and Control
House of Representatives

Executive Summary

Purpose

GAO reviewed the nature and extent of the Department of Defense's (DOD) spending for counternarcotics activities for fiscal years 1989 through 1991. This review, initiated at the request of the Chairman, House Committee on Government Operations, and in response to section 1007 of the fiscal year 1991 National Defense Authorization Act, focused on (1) the DOD counternarcotics funding process, (2) the impact of any delays in providing obligation authority on the ability of DOD organizations to execute their counternarcotics missions, and (3) the process used by DOD to review counternarcotics program proposals before submission to Congress.

Background

The National Defense Authorization Act for fiscal year 1989 assigned DOD responsibility for serving as the single lead agency for detecting and monitoring aerial and maritime transit of illegal drugs into the United States; integrating U.S. command, control, communications, and technical intelligence assets dedicated to drug interdiction into an effective communications network; and approving and funding state governors' plans for expanded use of the National Guard in support of state-sponsored drug interdiction and enforcement operations. The Secretary of Defense designated the Assistant Secretary of Defense, Reserve Affairs, as the DOD Coordinator for Drug Enforcement Policy and Support. He is responsible for developing and managing drug enforcement policy, requirements, priorities, systems, resources, and programs.

Results in Brief

From fiscal years 1989 through 1991, Congress appropriated about \$1.9 billion—\$300 million in fiscal year 1989, \$450 million in fiscal year 1990, and \$1.1 billion in fiscal year 1991—for DOD's counternarcotics activities. These appropriations were established in a new account—Drug Interdiction, Defense.

In fiscal years 1989 and 1990, there were significant delays from the time Congress appropriated funds until the defense organizations responsible for executing approved counternarcotics programs received obligation authority. Notwithstanding these delays, DOD, through reprogramming and other actions, was able to obligate most of the 1-year funds before their expiration dates. Moreover, according to defense officials responsible for executing the programs, late receipt of obligation authority had no adverse effect on their ability to carry out counternarcotics missions, because they were able to finance these missions with funds already in operating

accounts, until funds from the counternarcotics transfer account were made available to them.

In fiscal year 1989, DOD submitted a counternarcotics program to Congress that was based primarily on the subjective judgment of senior staff in the DOD Drug Coordinator's office and the defense organizations responsible for executing the program. Fiscal year 1990 was a transition year. DOD initiated a more detailed counternarcotics planning, programming, and requirements review process that included increased involvement of regional Commanders-in-Chief. During these years, however, national assessments of the cocaine trafficking threat were not yet available, making it difficult for officials responsible for reviewing requirements to judge the merits and propriety of proposed counternarcotics projects and activities. As a result, some project proposals appeared to have questionable benefit to the execution of DOD's counternarcotics missions.

In fiscal year 1991, the counternarcotics requirements review process was further refined. Also, in May and October 1991, interagency assessments of the overall cocaine drug threat were published. These assessments provide a basis for the Drug Coordinator's office to evaluate the potential contribution of individual counternarcotics projects and activities. DOD officials advised that they plan to use these assessments in preparing future counternarcotics programs before their submission to Congress.

Principal Findings

Funds Transfers Delayed Distribution and Obligation of Funds

In fiscal year 1989, authorizing legislation restricted DOD access to the counternarcotics appropriation until after DOD had presented Congress a report describing the proposed use of these funds. Moreover, funds were appropriated to a central transfer account and not in the specific appropriation categories that would have allowed DOD to execute its planned program. Therefore, DOD had to request approval from Congress to transfer funds to Research, Development, Test, and Evaluation and Procurement accounts before any obligations could occur. These requests were not approved until 10 months into the fiscal year, further delaying obligations. Temporary sequestration of funds under the Gramm, Rudman, Hollings Balanced Budget Act and time-consuming funds transfers again delayed distribution of funds in fiscal year 1990. Despite these delays, DOD obligated most of the funds that would have expired at the end of fiscal

years 1989, 1990, and 1991. DOD records also indicated that in fiscal year 1991, DOD improved the timeliness of obligating its counternarcotics funds.

Counternarcotics Requirements Not Based on National Threat Assessment

Since assuming the legislated counternarcotics missions, DOD's efforts have been primarily focused on detection and monitoring of cocaine shipments destined for the United States. Until May 1991, DOD's program planners did not have a national assessment of the overall cocaine trafficking threat on which to base counternarcotics program requirements. Prior to that time, program requirements were developed by the regional military Commanders-in-Chief and the defense agencies and submitted to DOD for review. In the absence of a threat assessment, DOD's counternarcotics program requirements for fiscal years 1989 through 1991 were based on the subjective judgments of regional commanders, heads of defense agencies, the Joint Chiefs of Staff, and the DOD staff or were developed to implement legislatively mandated programs.

GAO's review indicated the propriety of some projects proposed for funding from the counternarcotics appropriation was questionable. However, intervention by DOD's Inspector General and reviews by the Joint Chiefs of Staff and the Drug Coordinator prevented these projects from being funded from the counternarcotics appropriation. According to DOD officials, the recently revised requirements development and review processes are designed to ensure consideration of updated threat information in developing future counternarcotics program requirements and in revalidating projects and activities approved in prior years.

Recommendations

GAO is not making any recommendations in this report.

Agency Comments

As requested, GAO did not obtain written agency comments on this report. However, GAO discussed the information contained in the report with DOD counternarcotics program officials and incorporated their comments where appropriate.

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Abbreviations

DOD	Department of Defense
GAO	General Accounting Office
PPBS	Planning, Programming, and Budgeting System

Introduction

In fiscal year 1989, Congress assigned the Department of Defense (DOD) lead agency responsibility for detecting and monitoring the flow of illegal drugs into the United States. Congress gave DOD responsibility for integrating U.S. command, control, communications, and technical intelligence assets dedicated to drug interdiction into an effective communications network. Congress also authorized expanded use of the National Guard to support the drug enforcement activities of the state governors. From fiscal years 1989 through 1991, Congress appropriated about \$1.9 billion for these activities.

Counternarcotics Program Management and Funding

DOD has played a significant role in the war on drugs since 1981 by providing such services as radar surveillance, transportation, and communications support to federal, state, and local law enforcement agencies engaged in counternarcotics activities. However, prior to passage of the fiscal year 1989 National Defense Authorization Act, which assigned DOD counternarcotics responsibilities, DOD did not have a legislated counternarcotics mission, had been reluctant to increase its participation in counternarcotics activities, and had financed its support of law enforcement agencies from its Operations and Maintenance budget.

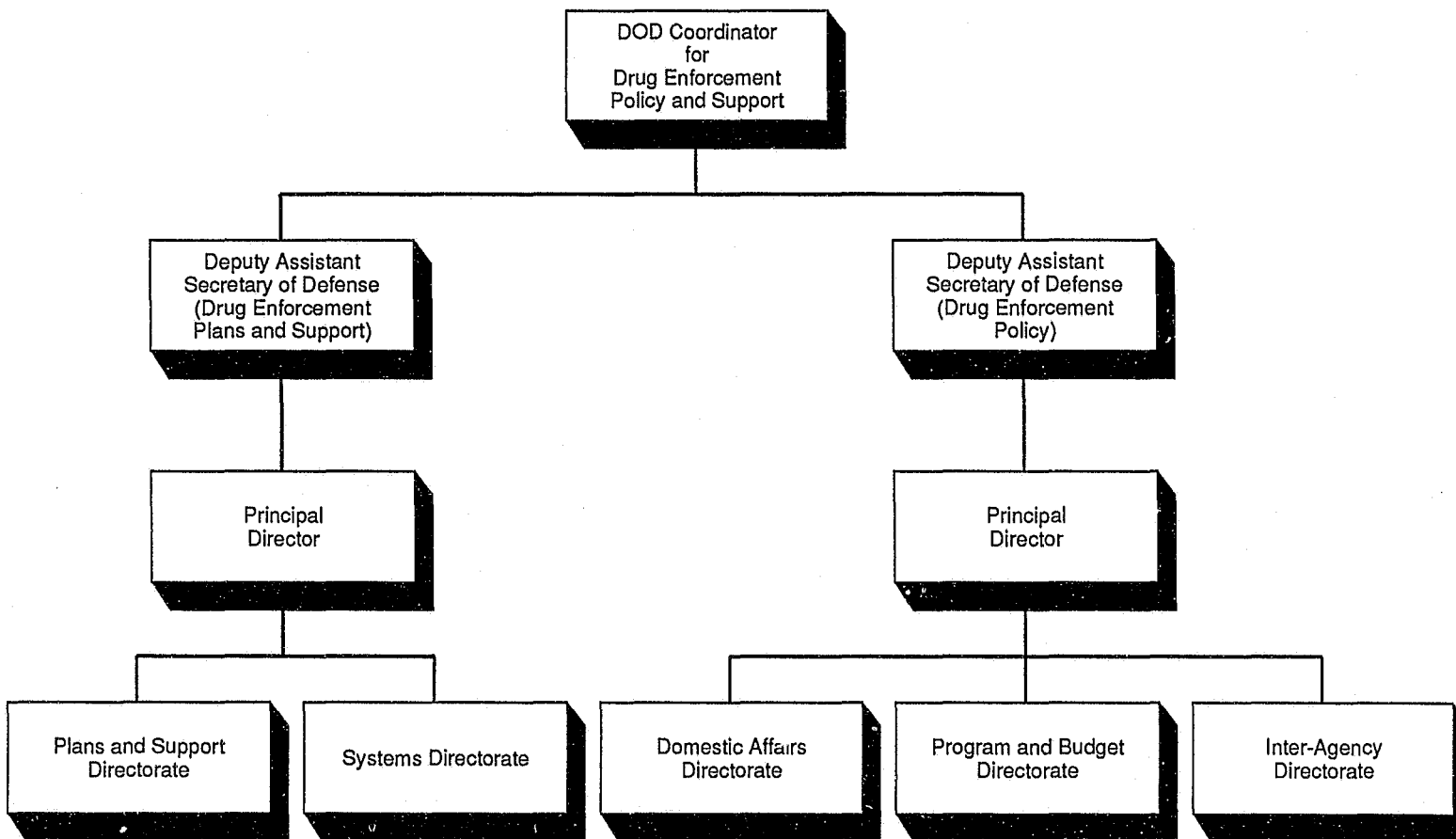
With passage of the fiscal year 1989 National Defense Authorization Act, Congress not only formally assigned counternarcotics responsibilities to DOD but also provided \$300 million to DOD to carry out its new responsibilities. Congress appropriated \$450 million in fiscal year 1990 and \$1.1 billion in fiscal year 1991 for defense counternarcotics activities. Because DOD had not anticipated assignment of an expanded counternarcotics role, it had not made specific provisions within its Planning, Programming, and Budgeting System (PPBS) for planning and managing counternarcotics activities and spending. DOD's counternarcotics program for fiscal years 1992 through 1997, however, was developed within the PPBS.

Program Management

The Secretary of Defense designated the Assistant Secretary of Defense, Reserve Affairs, as the DOD Coordinator for Drug Enforcement Policy and Support. The Drug Coordinator is responsible for (1) establishing DOD counternarcotics program objectives, plans, and policies; (2) reviewing counternarcotics program requirements; (3) reviewing and approving specific requests for funding counternarcotics activities and projects; and (4) formulating, justifying, and monitoring execution of the counternarcotics budget. The Drug Coordinator's office is authorized 55

people (38 military and 17 civilians), and according to senior officials of this office, is adequately staffed to carry out assigned responsibilities. The organization of the Drug Coordinator's office is depicted in figure 1.1.

Figure 1.1: Organization of the Office of the DOD Coordinator for Drug Enforcement Policy and Support



Source: DOD, Office of the Drug Coordinator

Program Development and Execution

For the counternarcotics program, the Deputy Secretary of Defense directed that program development and approval be retained by the Drug Coordinator and that program execution be the responsibility of five regional Commanders-in-Chief. The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence; the Joint Chiefs of Staff; the defense agencies; the military services; and the Commanders-in-Chief are to assist the Drug Coordinator in developing and validating counternarcotics program requirements.

According to an official of the DOD Drug Coordinator's office, the Commanders-in-Chief and the defense agencies submitted 180 project proposals for fiscal year 1989, totaling more than \$1 billion. These projects were reviewed by representatives of the Joint Staff, the defense agencies, the military services, the functional assistants to the Secretary of Defense, and the Drug Coordinator's staff. According to DOD officials, this working group was responsible for determining if a proposed project would (1) contribute to the execution of legislated counternarcotics missions, (2) contribute to execution of military, as well as counternarcotics missions, and (3) duplicate other projects or existing capabilities. This process continues today. Some projects have been continued and some have been dropped; new projects have been added to the counternarcotics program using the same criteria.

Once program requirements are approved by the Drug Coordinator, they become part of DOD's budget request. After congressional appropriation of funds, the Drug Coordinator's staff monitors budget execution. Executing organizations are required to obtain the Drug Coordinator's approval before changing the approved program and before transferring counternarcotics funds from one project or activity to another. They are also required to provide the DOD Drug Coordinator a monthly report detailing cumulative obligation of their counternarcotics funds.

Funding

Congress appropriated \$300 million in fiscal year 1989 for defense counternarcotics activities. DOD's counternarcotics budgets for fiscal years 1989 through 1991 were developed outside the formal planning, programming, and budgeting system; however, program and budget development generally followed PPBS principles for developing requirements and for reviewing and approving program content.

Funds that are appropriated to the Drug Interdiction-Defense¹ account are available for transfer for one fiscal year following appropriation. Funds that are subsequently transferred from this account to Military Personnel and Operations and Maintenance accounts are 1-year monies, available for obligation until the end of the year of appropriation. Funds that are transferred to (1) Research, Development, Test, and Evaluation; (2) Procurement; and (3) Military Construction accounts are available for obligation for 2, 3, and 5 years, respectively.

¹In fiscal year 1991, this appropriation became the Drug Interdiction and Counterdrug Activities-Defense account.

DOD requests funds in specific appropriation categories to support planned counternarcotics activities and projects. However, Congress may direct funding of projects not submitted by DOD—called earmarking—or modify or delete some of DOD's proposals. When congressional authorizations and appropriations do not match DOD's planned counternarcotics program budget submission, DOD must modify its program and transfer funds to support the approved program.

In addition to the funds directly appropriated for the counternarcotics mission, DOD used \$71.8 million in fiscal year 1989 and \$119.5 million in fiscal year 1990 from Operations, Maintenance, and Training accounts—called OPTEMPO accounts—of the military services to support its counternarcotics activities. Since fiscal year 1991, OPTEMPO funds for counternarcotics activities have been included in the Drug Interdiction-Defense appropriation.

Funds Transfer Process

For the Drug Interdiction-Defense account, the funds transfer process—commonly known as reprogramming—is initiated by the DOD Drug Coordinator who submits a reprogramming request to the DOD Comptroller. The DOD Comptroller reviews the request and coordinates with other DOD staff principals, the Joint Chiefs of Staff, the defense agencies, and the military services that have an interest in the action. Once the Comptroller approves and signs the reprogramming request, information copies are sent to the Office of Management and Budget.

After the reprogramming request has been approved, organizations that are to receive funds as a result of the request submit an apportionment request to the DOD Comptroller. After an additional review, the DOD Comptroller signs the apportionment documents, which are sent to the Office of Management and Budget to be matched with the reprogramming documents submitted earlier.

Over the years, Congress has limited the authority of the Secretary of Defense to reprogram funds by establishing financial thresholds and other rules for each appropriation. Internal reprogramming authority is within the Secretary of Defense's approval authority. For reprogramming actions requiring congressional approval (called prior approval reprogramming authority), DOD must first submit the request to the Office of National Drug Control Policy and the Office of Management and Budget for their approval of the transfer. The approved request is then forwarded to the appropriate congressional committees. Once approved by Congress, the request is returned to the DOD Comptroller, who then transmits the approval, in the

form of increased obligation authority, to the military services and the defense agencies.

To meet legal requirements, all reprogramming actions also require U.S. Treasury approval. Approved transaction documents are returned to DOD. Upon receipt of these documents, the military services and the defense agencies allocate funds to major subordinate commands, which, in turn, distribute funds to executing organizations that obligate funds for preapproved counternarcotics projects and activities.

Objectives, Scope, and Methodology

On June 12, 1991, we delivered the first in a series of reports to the House Committee on Government Operations on DOD's implementation of its counternarcotics mission.² That report provided an overview of DOD's counternarcotics organization, intelligence and communications networks, and budgeting and funding matters. On the basis of the audit work that led to that report, the Committee Chairman asked us to perform detailed reviews of each of these areas.

Subsequently, section 1007 of the fiscal year 1991 Defense Authorization Act directed us to review defense spending for counternarcotics activities and report to the congressional defense committees, the Senate Caucus on International Narcotics Control, and the House Select Committee on Narcotics Abuse and Control. Because this legislative requirement closely paralleled the Chairman's request, this report and each of the follow-on reports are being addressed to the Chairman, the Caucus, and the cognizant select and defense committees.

We reviewed defense spending for counternarcotics activities during fiscal years 1989 through mid-1991 and focused on (1) the DOD counternarcotics funding process, (2) the impact of any delays in providing obligational authority on the ability of DOD organizations to execute their counternarcotics mission, and (3) the process used by DOD to review counternarcotics program proposals before submission to Congress.

We reviewed legislation assigning DOD its counternarcotics responsibilities. We also interviewed officials, received briefings, and obtained documentation on counternarcotics missions, organizations, and financial management activities from the DOD Drug Coordinator, other DOD staff

²Drug Control: Status Report on DOD's Support to Counternarcotics Activities (GAO/NSIAD-91-117, June 12, 1991).

offices, and executing organizations, which include defense agencies and military service headquarters in Washington, D.C, the North American Aerospace Defense Command, U.S. Atlantic Command, U.S. Forces Command, U.S. Southern Command, Tactical Air Command, and Joint Task Force Six. At each of these organizations, we reviewed missions, functions, and counternarcotics programming and financial management processes. We also interviewed officials from the Office of National Drug Control Policy.

Our review was performed from November 1990 to December 1991 in accordance with generally accepted government auditing standards.

As requested, we did not obtain written agency comments on this report. However, we discussed the information contained in this report with DOD counternarcotics program officials and incorporated their views where appropriate.

Funding Delays Had No Significant Impact on Program Execution

The manner in which Congress appropriated funds to DOD for counternarcotics activities, a temporary sequestration of funds, and DOD's centralized control and management of the counternarcotics appropriation contributed, in some cases, to delays in distributing counternarcotics funds to military services, defense agencies, and other organizations responsible for program execution. However, according to executing organizations, these delays had no significant impact on their ability to obligate these funds or to execute their counternarcotics activities because they were able to borrow funds from other operating accounts until funds from the counternarcotics transfer account were made available to them.

Reprogramming Delayed Distribution of Funds

Congress appropriated funds for DOD counternarcotics activities to a central account—Drug Interdiction-Defense—earmarking specified amounts for certain activities or categories of activities. The earmarked amounts, however, did not match DOD's plans for executing its counternarcotics responsibilities in fiscal years 1989 through 1991. As a result, the counternarcotics program funded by Congress for those years differed from DOD's proposed program. Consequently, DOD requested congressional approval to reprogram certain funds to appropriation categories to carry out its planned counternarcotics activities. The reprogramming process delayed the distribution of funds to the military services and the defense agencies responsible for program execution and complicated the work of financial managers.

In fiscal year 1989, DOD processed two prior approval reprogramming requests. One took a month, the other was denied. In fiscal year 1990, DOD processed nine prior approval reprogramming actions; six took a little more than 3 months, the remaining three almost 8 months. In fiscal year 1991, DOD processed two prior approval reprogramming actions that were approved within 3 months.

Excluding the time needed to obtain U.S. Treasury approval, DOD internal reprogramming actions processed during the same period were normally completed within 3 weeks after initiation of the actions.

Centralized Control and Management Contributed to Delayed Program Execution

DOD centralized the management and control of counternarcotics appropriations under the DOD Drug Coordinator to (1) meet congressional intent, (2) ensure control of the appropriation, and (3) enhance the visibility of DOD's contributions to the national drug control effort. According to officials of the Atlantic, Forces, and Southern Commands, centralized management enhanced program visibility but also restricted their flexibility to react to changing counternarcotics requirements and caused some added administrative burdens.

Flexibility of Executing Organizations Restricted

Execution of DOD's counternarcotics activities was decentralized to defense agencies and five regional Commanders-in-Chief. However, the Drug Coordinator retained centralized control of program and budget development, review and approval of counternarcotics projects and activities and related funding, and oversight of program execution. Executing organizations are required to refer all proposed changes to the approved program to the Drug Coordinator for prior approval.

Officials of the Atlantic, Forces, and Southern Commands said they had been restricted from assuming full ownership of their counternarcotics programs because of the tight control exercised by the DOD Drug Coordinator. Others said that the requirement to obtain approval for every program change or funds transfer limited their ability to pursue new initiatives and inhibited their flexibility to react rapidly to changing operational requirements.

Recognizing the need for some flexibility, the Deputy Secretary of Defense, in December 1990, issued new instructions for requesting changes to approved counternarcotics programs. Under the revised procedures, executing organizations must still submit requests for desired program changes and funds transfers to the Drug Coordinator for review. However, if a proposed change or transfer is within the same appropriation and for the same general purpose, executing organizations have the authority to proceed with the transfer, unless the Drug Coordinator disapproves the request within 5 working days of receiving the request. If a proposed change or transfer is between appropriations, between military services, or for projects not already in the approved program, or for noncounternarcotics projects, the Drug Coordinator is to indicate approval or disapproval within 10 working days.

Administrative Burdens

Fiscal years 1989 through 1991 were transition years for the DOD's counternarcotics program. DOD programming and budget officials had not anticipated the assignment of counternarcotics missions in fiscal year 1989 and, until the fiscal year 1992 budget submission, had made no provisions for accommodating counternarcotics appropriations within the PPBS. In fiscal years 1989 and 1990, the timing of appropriations did not allow for a formal planning, programming, and budgeting process; however, DOD officials said that budget execution followed the normal PPBS process. Officials of the DOD Comptroller and the Drug Coordinator's office told us that in developing and executing the fiscal year 1991 counternarcotics program, DOD applied PPBS planning, programming, and budgeting concepts and submitted the counternarcotics budget for fiscal years 1992 through 1997 within PPBS guidelines. Financial managers of three executing organizations cited a number of added administrative burdens that were experienced from fiscal year 1989 through the transition to the fiscal year 1992 budget submission.

The Drug Coordinator has centrally managed the counternarcotics program by project code, that is, each activity or project within the overall counternarcotics program is given a number. However, according to financial management officials of executing organizations, funds to pay for each activity or project are distributed to them in various appropriations, such as Operations and Maintenance; Research, Development, Test, and Evaluation; Procurement; and Construction. Some activities and projects are funded from more than one appropriation, making it difficult to reconcile project codes with funding sources. According to financial managers, reconciliation must be accomplished manually, which is labor intensive and subject to error.

The Drug Coordinator's office had issued instructions and conducted meetings that focused on counternarcotics budget development and execution. However, officials of two of the military services told us that their financial managers did not actively participate in the counternarcotics program development process until fiscal year 1991. Thus, when counternarcotics funds were released to them in fiscal years 1989 and 1990, some financial managers did not clearly understand what to do with the funds. Confusion about funding objectives and resolution of questions added additional delay to obligation of counternarcotics funds.

Officials from the Drug Coordinator's office told us that future DOD counternarcotics programs will continue to be centrally managed by project identity but that inclusion of the program in DOD's PPBS should

make the job of financial managers at executing organizations easier. The DOD counternarcotics program for fiscal years 1992 through 1997 represents the culmination of DOD's first complete counternarcotics budget cycle and, in our opinion, is expected to yield a counternarcotics program that can be managed like most other DOD programs.

Obligation Performance in Fiscal Years 1989 Through 1991

In fiscal years 1989 and 1990, obligation of counternarcotics funds was delayed because executing organizations did not receive authority to obligate funds until late in each fiscal year. In fiscal year 1991, required reprogramming of funds delayed distribution of funding authority to executing organizations.

In fiscal year 1989, DOD was denied use of most of its counternarcotics appropriation until 30 days after it had submitted a report to Congress detailing how it planned to use these funds. DOD submitted its plan in mid-February 1989, and funds were made available for obligation in April 1989.

Congress enacted fiscal year 1990 DOD appropriations in late November 1989. However, counternarcotics funds were temporarily withheld from DOD due to governmentwide imposition of sequestration provisions of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended—commonly known as the Gramm, Rudman, Hollings Balanced Budget Act. As a result, DOD did not have access to its full appropriation until January 1990. In addition, the House Conference Report on DOD's fiscal year 1990 appropriations instructed DOD to obtain approval of congressional intelligence oversight committees to transfer counternarcotics funds related to the National Foreign Intelligence Program.¹

Despite delays in distributing funds to executing organizations, information provided by DOD indicated that it successfully obligated most of its 1-year counternarcotics funds before their expiration at the end of fiscal years 1989, 1990, and 1991. Cumulative monthly obligations for these fiscal years are shown in appendix I.

¹A part of the DOD counternarcotics appropriation is for classified projects and activities funded within the National Foreign Intelligence Program.

Fiscal Year 1989

The National Defense Appropriations Act for fiscal year 1989, approved October 1, 1988, provided \$300 million for legislated counternarcotics activities. However, the fiscal year 1989 National Defense Authorization Act required DOD to submit a report to Congress on how it would apply these resources before it was granted full access to these funds. DOD provided the report on February 15, 1989.

The appropriations act provided counternarcotics funds for only Military Personnel and Operations and Maintenance accounts. However, in developing plans to use the counternarcotics funds appropriated for fiscal year 1989, DOD identified a requirement to fund Procurement and Research, Development, Test, and Evaluation activities. From April to July 1989, based on input from the executing organizations, the Drug Coordinator's staff determined the actions needed to transfer sufficient funds to those appropriation accounts that would allow DOD to execute its proposed counternarcotics program. Between April and September 1989, DOD internally reprogrammed about \$106 million to realign funding to match the proper appropriation account.

Because of the amounts involved and other restrictions, some transfers required prior congressional approval. In July 1989, DOD submitted requests to Congress to approve the transfer of \$192.1 million to Procurement and \$1.5 million to Research, Development, Test, and Evaluation. Congress approved the Procurement transfer in August 1989. The Research and Development transfer request was never approved, but DOD reprogrammed the \$1.5 million to another counternarcotics project before the appropriation expired.

According to an official of the DOD Drug Coordinator's office, delayed receipt of funding authority and the time involved in obtaining reprogramming approval contributed to the lapse of about \$13 million in 1-year funds. Fiscal year 1989 obligation data for DOD's counternarcotics program are presented in table 2.1., including the initial appropriation and subsequent funds transfers.

Chapter 2
Funding Delays Had No Significant Impact on
Program Execution

Table 2.1: Obligation Data for DOD
Counternarcotics Program, Fiscal Year
1989

Dollars in thousands			
Account	Appropriation		Percent obligated
	Available	Obligated	
Military Personnel	\$43,466	\$31,096	71.5
Operations and Maintenance	64,457	63,937	99.2
Total 1-year funds	107,923	95,033	88.1
Research, Development, Test, and Evaluation ^a	None	None	•
Procurement ^b	192,077	0 ^c	0
Construction ^d	None	None	•
Total	\$300,000	\$95,033	31.7

^aThese funds are available for obligation for two fiscal years following appropriation.

^bProcurement funds are available for obligation for three fiscal years following appropriation.

^cWhile DOD obligated almost all of the funds appropriated for Operations and Maintenance, it did not obligate any of the funds appropriated for Procurement.

^dConstruction funds are available for obligation for five fiscal years following appropriation.

Fiscal Year 1990

On November 21, 1989, Congress appropriated \$450 million for DOD counternarcotics activities, earmarking \$139 million for specific counternarcotics projects not submitted by DOD in its proposed fiscal year 1990 program. Sequestration of funds following appropriation delayed DOD's receipt of funding authority until January 1990. Amounts appropriated for counternarcotics Operations and Maintenance and Research, Development, Test, and Evaluation functions were not sufficient to meet DOD's planned program requirements. Moreover, the House Conference Report on DOD's fiscal year 1990 appropriations instructed that any transfer actions related to funds within the National Foreign Intelligence Program be reviewed by the House and Senate Committees on Intelligence. Therefore, in addition to reprogramming actions, DOD had to obtain prior approval from these committees before transferring funds.

In April 1990, DOD made six requests to Congress to transfer about \$78 million. These requests were approved in July and August. Three additional requests made in September 1990, affecting Procurement and Research, Development, Test, and Evaluation accounts, were not approved until May 1991. According to DOD, the lapse of about \$21 million in Military Personnel and Operations and Maintenance funds is attributable, in part, to reprogramming delays. Fiscal year 1990 obligations data for DOD counternarcotics activities are detailed in table 2.2.

Chapter 2
Funding Delays Had No Significant Impact on
Program Execution

Table 2.2: Obligation Data for DOD
Counternarcotics Program, Fiscal Year
1990

Dollars in thousands			
Account	Appropriation		Percent obligated
	Available	Obligated	
Military Personnel	\$58,828	\$55,322	94.0
Operations and Maintenance	151,914	134,492	88.5
Total 1-year funds	210,742	189,814	90.1
Research, Development, Test, and Evaluation ^a	11,567	5,310	45.9
Procurement ^b	299,109	116,014	38.8
Construction ^c	3,700	3,680	99.5
Total	\$525,118^d	\$314,818	60.0

^aThese funds are available for obligation for two fiscal years following appropriation.

^bProcurement funds are available for obligation for three fiscal years following appropriation.

^cConstruction funds are available for obligation for five fiscal years following appropriation.

^dIncludes \$450 million appropriation plus additional reprogramming to fund original program and congressionally directed projects.

Fiscal Year 1991

In appropriating \$1.1 billion for defense counternarcotics activities in fiscal year 1991, Congress directed DOD to finance more than \$417 million in projects DOD had not requested or that differed from DOD's proposed counternarcotics program. These projects included (1) creation of a National Drug Intelligence Center, (2) operations and maintenance support of U.S. Customs Service aerostats, (3) nonreimbursable support to law enforcement agencies, and (4) additional funding for the National Foreign Intelligence Program, reserve component equipment, and reserve component military pay.

To accommodate these directed projects, DOD had to revise its planned counternarcotics program. DOD made 15 internal funds transfers and obtained congressional approval for two transfers for \$65.7 million. An official of the DOD Comptroller's office told us that executing organizations were instructed to continue counternarcotics funds projects and activities under the continuing resolution that preceded enactment of DOD's fiscal year 1991 appropriation, approved November 5, 1990. According to this official, initial distribution of counternarcotics funds to executing organizations was made in November and December 1990. Financial management officials of some of these organizations, however, told us that they did not receive initial obligation authority for counternarcotics funds until February 1991. The remaining funds were released to them as reprogramming actions were completed, in June and August 1991. Despite

the late distribution, DOD records indicated that in fiscal year 1991, DOD improved the timeliness of obligating its counternarcotics funds. Table 2.3 presents details on fiscal year 1991 obligations.

**Table 2.3: Obligation Data for DOD
Counternarcotics Program, Fiscal Year
1991**

Dollars in thousands			
Account	Appropriation		Percent obligated
	Available	Obligated	
Military Personnel	\$113,693	\$107,260	94.3
Operations and Maintenance	554,609	539,954	97.4
Total 1-year funds	668,302	647,214	96.8
Research, Development, Test, and Evaluation ^a	61,043	38,065	62.4
Procurement ^b	332,348	221,997	66.8
Construction ^c	None	None	•
Total	\$1,061,693	\$907,276	85.5

^aThese funds are available for obligation for two fiscal years following appropriation.

^bProcurement funds are available for obligation for three fiscal years following appropriation.

^cConstruction funds are available for obligation for five fiscal years following appropriation.

Reports on Obligation Data Prepared Manually

To account for the use of counternarcotics funds, the Drug Coordinator requires a monthly report of obligations from each executing organization. In the absence of automated methods for accumulating, calculating, and consolidating data, executing organizations have been preparing these reports manually. According to financial management officials of the Army, and the Atlantic and Southern Commands, manual reports of obligations may not be as accurate as those produced by automated systems. Officials in the Drug Coordinator's office acknowledged that they did not verify the reports' accuracy but relied on certifications of financial management officials of executing organizations.

The military services and the defense agencies have automated budgeting and accounting systems that can produce management reports that can be used to track cumulative obligations and to reconcile obligations with expenditures after funds are disbursed. However, according to financial management officials of the military services, during fiscal years 1989 and 1990, these systems had not been modified to accept counternarcotics financial data. Consequently, they could not be used to produce monthly obligation reports for the counternarcotics appropriation during that period.

According to financial management officials of the military services and defense agencies, in fiscal year 1990 they began to modify their automated budgeting and accounting systems to give them a capability to accept and process counternarcotics data. DOD officials told us that the financial managers of the military services still want additional improvements in these systems.

Late Receipt of Funding Had No Adverse Effect on Program Execution

According to officials of the Atlantic, Forces, North American Aerospace, and Southern Commands, funding delays created uncertainty and additional administrative burdens for financial managers but had no adverse effect on the commands' capabilities to execute counternarcotics projects and activities. To cope with these delays and to proceed with planned counternarcotics activities, these organizations temporarily borrowed funds from other programs within the same appropriation category—an action within their authority. They temporarily deferred or reduced the scope of other programs or activities and took the risk that sufficient counternarcotics funds would eventually be provided to repay those programs.

Two of these organizations developed other ways of conducting and funding desired counternarcotics activities. For example, they used a number of U.S. military units—active and reserve—that would have deployed to the Caribbean, Central and South America, or destinations within the United States for routine training to conduct counternarcotics activities. This action resulted in little or no expenditure of counternarcotics funds because these units paid for the deployment from their training funds.

Conclusions

While late receipt of funding authority had no significant impact on military services, defense agencies, and regional commanders' ability to execute counternarcotics programs in fiscal years 1989 through 1991, financial management officials of military services, the defense agencies, and the Atlantic Command told us that earlier distribution of funds could have facilitated program administration. Management of the DOD counternarcotics program under PPBS and planned accounting systems modifications can be expected to reduce delays and related administrative burdens.

Earlier Counternarcotics Requirements Were Not Based on a National Threat Assessment

Since assuming the legislated counternarcotics missions, DOD has focused its efforts primarily on detection and monitoring of cocaine shipments that are destined for the United States. Until May 1991, DOD's program planners did not have a national assessment of the overall cocaine trafficking threat on which to base counternarcotics program requirements. Thus, DOD's counternarcotics program requirements for fiscal years 1989 through 1991 were based on the subjective judgments of regional commanders, heads of defense agencies, the Joint Chiefs of Staff, and the DOD staff or were developed to implement legislatively mandated programs. In March 1991, DOD revised the requirements development and review process to ensure consideration of updated threat information in the development of future counternarcotics program requirements.

DOD officials responsible for reviewing counternarcotics projects proposed for funding from the counternarcotics appropriation said that without an overall assessment of the drug trafficking threat, they found it difficult to judge the merits and the propriety of some of the project proposals submitted in earlier years. Moreover, they told us that their own limited experience and the complexity and large number of projects submitted made it difficult to determine whether projects submitted by one organization duplicated the requests of other organizations. Consequently, they recommended approval of the majority of the projects that had been submitted by the regional Commanders-in-Chief and the defense agencies.

DOD Lacked an Overall Assessment of the Cocaine Trafficking Threat

When DOD assumed its new responsibilities, it did not have much experience in planning and executing counternarcotics activities. In preparing the plan submitted to Congress in fiscal year 1989, the Secretary of Defense relied on the defense agencies and the regional Commanders-in-Chief to develop counternarcotics plans and resource requirements for their area of operations.

The regional Commanders-in-Chief, however, were given less than 2 months to submit their plans and requirements to the Joint Chiefs of Staff. Consequently, they did not have adequate time to thoroughly study the drug trafficking threat in their area of operations. They also did not have the opportunity to conduct a detailed mission analysis that could have led to objective development of counternarcotics program requirements. Thus, they submitted their plans and counternarcotics resource requirements that were based largely on the subjective judgments of their commanders and staff officers who had only limited knowledge of counternarcotics issues.

Propriety of Projects Was Difficult to Determine

From fiscal year 1989 through mid-1991, the absence of a threat assessment complicated the task of reviewing officials of the Joint Chiefs of Staff, who determined which proposed requirements should be included in the counternarcotics program. They said it was difficult to determine the propriety and priority of projects nominated for funding.

According to these officials, some organizations, seeing the counternarcotics program as a new source of funds, submitted noncounternarcotics projects along with legitimate counternarcotics projects. Other organizations attempted to obtain funding for long-standing, unfunded requirements under the counternarcotics program. Among these were U.S. Air Force and Navy versions of over-the-horizon radars that had been originally justified as general air defense requirements and whose contribution to counternarcotics detection and monitoring operations had been questioned, even within DOD.

According to DOD officials, while some of the proposed projects were not supported during the review process, they were initially approved for the counternarcotics program. After further review, they were later deleted. For example, a secure video teleconferencing system requested as a counternarcotics project by the U.S. Pacific Command in fiscal year 1990 was deleted as a result of the DOD Inspector General's review of DOD's counternarcotics activities in that command. The DOD Inspector General concluded that this project should not be funded from the counternarcotics program because the system's primary use would be for noncounternarcotics functions.

The requirements process requires commanders to submit requirements to the Joint Chiefs of Staff in the form of mission needs statements. This requirement allows DOD to determine if existing capabilities can satisfy the needs or if new capabilities should be developed. However, according to reviewing officials, in submitting counternarcotics program requirements for fiscal years 1989 through 1991, a number of commanders submitted lists of specific material, automation, and systems procurement proposals intended to give them unique counternarcotics capabilities in their area of responsibility, not statements of needs. For example, three of the regional commands we visited were in the process of developing separate, unique intelligence data handling systems to support counternarcotics activities in their areas.

The Current Review Process

The Drug Coordinator has institutionalized the review process for future years' counternarcotics requirements to ensure that projects and activities submitted by executing organizations meet program objectives and requirements. In May 1991, the first national assessment of the overall cocaine trafficking threat was published. The second assessment was published in October 1991. According to an official charged with validating counternarcotics program requirements, the updated threat information is used to better determine the propriety and potential contribution of proposed projects. According to an official of the DOD Drug Coordinator's office, updated threat information was considered in refining the fiscal year 1993 DOD counternarcotics budget request. Moreover, the Drug Coordinator's office provided some documentary evidence showing that counternarcotics projects and activities approved in prior years were scrutinized and revalidated against available threat data during recent requirements review conferences. The Drug Coordinator also told us that such revalidation of existing projects and activities will be done on a recurring basis. We reviewed the documents and the validation process but did not verify individual project requirements.

Conclusions

The DOD counternarcotics program for fiscal years 1989 through 1991 was based on various subjective judgments, not on a national assessment of the cocaine trafficking threat. In evaluating and prioritizing the potential contributions of individual counternarcotics projects and activities, DOD did not have a formal basis to weigh them against the threat.

A national threat assessment is now available to DOD planners and developers of future counternarcotics programs. In addition, the various involved organizations now have several years experience in developing and reviewing counternarcotics requirements.

Monthly Obligations Data for DOD Counternarcotics Program for Fiscal Years 1989 Through 1991

This appendix presents monthly obligation activity for DOD's counternarcotics program for fiscal years 1989 through 1991. This information is intended to show only the magnitude of monthly obligations without regard for the year the funds became available.

Dollars in thousands

Fiscal year 1989						
Appropriations						
Month	Military Personnel	Operations and Maintenance	Procurement	Research, Development, Test, and Evaluation	Construction	Total
Oct.	0	0	0	a	b	0
Nov.	0	0	0	a	b	0
Dec.	0	0	0	a	b	0
Jan.	0	0	0	a	b	0
Feb.	0	0	0	a	b	0
Mar.	0	0	0	a	b	0
Apr.	0	0	0	a	b	0
May	0	0	0	a	b	0
June	0	0	0	a	b	0
July	0	0	0	a	b	0
Aug.	0	0	0	a	b	0
Sept.	31,096 ^c	63,937	0	a	b	95,033
Total	31,096	63,937	0	a	b	95,033

Appendix I
Monthly Obligations Data for DOD
Counternarcotics Program for Fiscal Years
1989 Through 1991

Dollars in thousands

Fiscal year 1990						
Appropriations						
Month	Military Personnel	Operations and Maintenance	Procurement	Research, Development, Test, and Evaluation	Construction	Total
Oct.	0	0	0	0	0	0
Nov.	0	0	0	0	0	0
Dec.	0	0	0	0	0	0
Jan.	0	0	0	0	0	0
Feb.	0	0	0	0	0	0
Mar.	0	95,266	1,009	203	0	96,478
Apr.	17,747	(10,510) ^d	2,685	0	0	9,922
May	0	0	0	9	0	9
June	15,257	105,296	1,222	154	0	121,929
July	6,450	25,750	15,507	413	3,680	51,800
Aug.	7,535	19,998	56,907	327	0	84,767
Sept.	8,333	101,572	38,684	4,204	0	152,793
Total	55,322	337,372^e	116,014	5,310	3,680	517,698^e

Dollars in thousands

Fiscal Year 1991						
Appropriations						
Month	Military Personnel	Operations and Maintenance	Procurement	Research, Development, Test, and Evaluation	Construction	Total
Oct.	0	2,231	0	0		2,231
Nov.	0	1,303	0	349		1,652
Dec.	1,020	88,664	0	200		89,884
Jan.	24,340	5,319	0	1,813		31,472
Feb.	0	13,164	0	33		13,197
Mar.	12,833	28,115	31,600	8,878		81,426
Apr.	11,157	47,135	82,784	12,045		153,121
May.	6,947	68,044	18,689	242		93,922
June	7,234	6,752	3,442	1,213		18,641
July	13,580	76,854	5,191	(908) ^g		94,717
Aug.	13,238	60,469	68,844	1,612		144,163
Sept.	16,911	141,904	11,447	12,588		182,850
Total	107,260	539,954	221,997	38,065		907,276

(continued)

Appendix I
Monthly Obligations Data for DOD
Counternarcotics Program for Fiscal Years
1989 Through 1991

^aNo funds were appropriated for this category.

^bNo funds were appropriated for this category.

^cReprogramming of funds was not completed until August 1989; therefore no funds were available for obligation until this month.

^dFunds were deobligated because the scope of a major counternarcotics operation was reduced.

^eIncludes obligations of operational tempo funds added by DOD.

^fNo funds were appropriated for this category.

^gIndicates deobligation.

SECRET

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1. General Information

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DATE: 10-10-68

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