

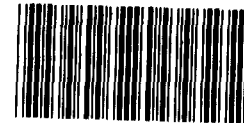
GAO

Report to the Chairman, Committee on
Government Operations, House of
Representatives

July 1992

DRUG CONTROL

Oversight Needed to
Prevent Acquisition of
Unnecessary
Equipment



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National Security and
International Affairs Division

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July 30, 1992

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

Dear Mr. Chairman:

You asked us to review the procurement and modification of aircraft and other equipment used for drug detection and monitoring. Our specific objectives were to determine whether equipment acquisitions are supported by valid requirements and are coordinated through the agencies responsible for interdicting drug traffic in route to the United States—the Department of Defense (DOD), the U.S. Customs Service, and the U.S. Coast Guard. Appendix I contains more detail on our objectives, scope, and methodology.

Results in Brief

Each of the three interdiction agencies identifies its own requirements and establishes its own acquisition plans for drug detection and monitoring equipment. There is no organization that routinely oversees and coordinates acquisitions to ensure that they (1) respond to valid requirements and (2) do not unnecessarily duplicate existing or planned equipment in the federal inventory. The National Guard's UC-26C aircraft program and the Coast Guard's EC-130V aircraft program illustrate the need for a clearinghouse organization. These agencies used counterdrug funds to acquire modified aircraft, but neither the National Guard nor the Coast Guard has a validated counterdrug requirement for the aircraft.

Interagency coordination has been a major focus of interdiction efforts, but the emphasis to date has been on coordinating operations, not acquisitions. The Office of National Drug Control Policy (ONDCP) has processes to oversee budget requests and coordinate operations of the interdiction agencies. However, a similar process has not been established to routinely oversee and coordinate acquisition of detection and monitoring equipment.

Background

By 1986, trafficking and use of illegal drugs had reached the point that the President declared such activity a threat to U.S. security. The drug epidemic remains a matter of national importance as the federal government continues to spend billions of dollars annually to combat the problem. In 1992 alone, an estimated \$12 billion in federal funds will be spent to reduce both the supply of and demand for illegal drugs. These funds will be used to combat drug activity through wide-ranging initiatives on many fronts, from the jungles of South America to the streets of U.S. cities.

More than \$2 billion in fiscal year 1992 funding has been allocated to the shared interdiction missions of DOD, Customs, and the Coast Guard. A major part of that amount will be spent just to detect and monitor suspect drug-smuggling aircraft and vessels. DOD alone has allocated nearly a billion dollars to detection and monitoring in fiscal year 1992.

The war on drugs requires a high degree of coordination. Coordination is especially important for the detection and monitoring mission where agencies' roles overlap and operations require expensive equipment. Coordination is needed to assure not only that operations are integrated but that acquisition plans reflect valid requirements and collectively support an efficient mix of resources to carry out the shared mission.

Federal managers must exercise care to ensure that equipment acquired with counterdrug funds will have a primary counterdrug use. Equipment acquired by the interdiction agencies to detect and monitor drug traffic can also be used for non-drug related missions—for example, by DOD for tracking military aircraft or by the Coast Guard for search and rescue operations. There may be circumstances where the dual use of detection and monitoring equipment is justified, but the drug war must not be allowed—as the Senate Committee on Appropriations recently said of one agency's programs—to serve as a funding source for acquisitions that would not otherwise be funded.

Federal acquisition guidelines stipulate that equipment be acquired only when existing resources are inadequate to meet a valid requirement. To ensure that counterdrug detection and monitoring equipment acquisitions comply with this principle

- equipment requirements of all agencies with shared detection and monitoring duties should be derived from the national drug-threat

-
- assessment jointly prepared by the defense, intelligence, and law enforcement agencies and published under the auspices of ONDCP and existing and planned resources of the interdiction agencies should be considered in determining whether valid requirements can be filled with assets that are, or soon will be, on hand.

These prerequisites should be reapplied whenever changes occur in the conditions that affect requirements—as happened in 1989 when DOD significantly increased its commitment of detection and monitoring assets to the mission.

Acquisition Process Lacks Oversight and Coordination

The acquisition process for drug detection and monitoring equipment lacks the oversight and coordination needed to assure that resources are not spent unnecessarily. Neither ONDCP nor any other organization acts as a clearinghouse. Instead, DOD, the Customs Service, and the Coast Guard unilaterally develop their own acquisition plans, providing little assurance that the requirements used to justify acquisitions are valid.

National Guard Acquired an Aircraft for a Requirement That Has Not Been Validated

In June 1991, the DOD Coordinator for Drug Enforcement Policy and Support approved the National Guard Bureau's request to spend \$4 million of counterdrug funds for equipment to modify a C-26 aircraft—redesignated the UC-26C with a radar and other equipment installed. However, the National Guard Bureau did not have a valid counterdrug requirement for the aircraft. Further, the Bureau did not use the \$4 million for its stated purpose.

When the National Guard acquired the UC-26C aircraft in April 1991, the primary mission was to detect and monitor smuggler aircraft entering the United States. National Guard officials acknowledged, however, that the threat underlying this mission had not been validated by an intelligence agency, as prescribed by DOD policy. They said the threat was based on law enforcement officials' reports that unlighted aircraft had been flying illegally in border areas.

The National Guard's approach to acquiring the UC-26C also has been inconsistent with other DOD policy. DOD's acquisition policy prescribes a sequence in which (1) requirements for countering a validated threat are first defined in terms of broad operating capabilities, not specific systems, (2) alternative ways of meeting those requirements are then fully examined, and (3) a new or improved system is acquired only after existing

resources have been considered. In contrast, the National Guard first identified a type of aircraft it wanted to modify for the counterdrug mission, proceeded to acquire a prototype of the modified aircraft, and only then began to test whether the aircraft would be useful in a counterdrug role.

Since acquiring the UC-26C, the National Guard has added other roles to the aircraft's potential counterdrug use. The Guard is testing the aircraft's utility not only for the original detection and monitoring role but also for counterdrug reconnaissance and surveillance and for use as a counterdrug airborne command post. The test began in December 1991, and the results are expected to be available in the last quarter of fiscal year 1992.

National Guard officials acknowledge that they did not base the initial UC-26C acquisition on a validated threat, did not establish a requirement for the UC-26C in any of the three missions now being tested, and did not determine whether existing resources could have met the mission specified in planning documents. These officials told us that if the UC-26C proves unsuitable for the counterdrug role, it can be stripped of its extra equipment and used for another, non-drug mission.

In our view, acquisition of the UC-26C would not have been approved if DOD's standard requiring a validated threat had been applied. It is also uncertain that procurement of the prototype would have been approved, even with a validated threat, if DOD had first tried to fill the requirement with resources already in the interdiction agencies' inventories—such as comparable aircraft operated by the Customs Service.

Moreover, the June 1991 approval by the DOD Coordinator for Drug Enforcement Policy and Support of unobligated fiscal year 1990 funds "to purchase modifications for a C-26 aircraft" was not the purpose for which the funds were used. The used aircraft the National Guard acquired in April 1991 had been previously modified to the UC-26C configuration. The purchase price of the already modified aircraft was about \$6 million, according to National Guard officials, and was initially paid with other National Guard funds. These officials said the \$4 million in counterdrug funds approved by the DOD Coordinator was used to partially reimburse the National Guard for the \$6 million cost of the aircraft. The National Guard has requested that the other \$2 million be reimbursed with counterdrug funds if the UC-26C test proves successful.

According to DOD and National Guard officials, the Guard plans to modify four or five more C-26 aircraft to the UC-26C configuration through fiscal year 1994, contingent on successful test results, at an estimated cost of \$17-25 million in counterdrug funds. National Guard officials also told us, however, that future UC-26C acquisitions could exceed the four or five additional aircraft now planned.

Coast Guard Acquired an Aircraft for a Requirement It No Longer Has

The Coast Guard is also trying to establish a mission for a C-130 aircraft recently modified in part with counterdrug funds. The original counterdrug requirement that the aircraft was to fill has been superseded by DOD's emergence as the primary detection and monitoring agency. The Coast Guard is trying to determine whether the aircraft can be used in another counterdrug role or in other Coast Guard missions.

In 1986, the Coast Guard identified an "essential need" for a surveillance aircraft with a 360-degree air-search radar to "perform long range detection and tracking of suspicious aircraft in support of the national war on drugs." Secondary missions were to provide support for maritime defense zone operations, law enforcement, and search and rescue. In response to this need, Congress provided \$42 million to integrate the radar, on loan from the Navy, on an existing Coast Guard C-130 aircraft.

In September 1988, Congress enacted legislation designating DOD the single lead agency for detecting and monitoring air and maritime drug traffic. A year later, in September 1989, the Coast Guard's Chief of Acquisition cited "an urgent and compelling need to accomplish this [EC-130V] project as soon as possible." According to Coast Guard officials, the contract was awarded in December 1989 by the Air Force organization designated to manage the contract.

Coast Guard officials acknowledged that, before the contract was awarded, the Coast Guard did not re-evaluate its requirement for a long-range surveillance aircraft in light of DOD's new role in the drug war. They said this was due, in part, to uncertainty over the equipment DOD would commit to the mission. However, the Coast Guard knew by May 1990 that DOD's commitment would be extensive. In Senate appropriations hearings that month, the Coast Guard stated that: "The Navy is expected to participate heavily in the deployment of Airborne Early Warning...aircraft in the drug war in the Caribbean."

The modified aircraft, designated the EC-130V, was delivered by the contractor in late 1991—shortly after congressional action directed that other Coast Guard detection and monitoring assets (E-2C aircraft and balloon-mounted radars known as aerostats) be transferred to DOD. In regard to this action, the Senate Committee on Appropriations noted that it concurred with testimony given by the Coast Guard Commandant that DOD's increased emphasis on drug interdiction afforded an opportunity to restore balance to the Coast Guard's missions.

The Coast Guard retained the EC-130V and is now assessing the feasibility of using it for non-drug related missions, such as search and rescue or fisheries law enforcement. In March 1992, the Commandant testified before the House Committee on Appropriations that:

...it's too early to say what the final disposition of the [EC-130V] aircraft is going to be....We are [testing] it for drug law enforcement, search and rescue, and also fisheries enforcement. It may be used for these missions, depending on the outcome of the test.

Coast Guard officials emphasized in discussions with us that the agency still has a counterdrug requirement for the aircraft, primarily as a command and control aircraft in and around the arrival zones where airborne drug traffickers drop their cargo to be carried ashore by boats.

Coast Guard officials also told us that the EC-130V aircraft was never intended to operate primarily in the more distant drug-trafficking zones. They said that the requirement for a long-range surveillance aircraft, as stated in the original justifications, was intended only to describe an aircraft that, with modifications, could serve as a "high endurance tracker," not to convey a need to operate at long ranges. However, that position conflicts with 1986-1988 requirements documents which stated that the EC-130V aircraft's "primary mission" would be long-range detection of smuggler aircraft "at as great a range" as possible, as far away as South America.

We do not question the requirement the Coast Guard established for a long-range surveillance aircraft before DOD became the lead agency for detection and monitoring. But as the Coast Guard stated in 1986: "Duplication of resource ownership where multiple agencies operate identical aircraft should be avoided in the long range surveillance mission." After DOD became the lead agency for detection and monitoring in September 1988 and before the EC-130V contract was awarded in December 1989, the Coast Guard should have re-evaluated its requirement in light of DOD's expected contribution. As subsequently demonstrated, the

congressional action giving DOD the primary detection and monitoring role—along with the significant increase in equipment that DOD brought to the mission—for all intent and purpose, eliminated the Coast Guard's original primary EC-130V requirement.

Future Acquisitions Will Require Better Coordination and Oversight

DOD and the Customs Service already operate P-3 aircraft in support of their counterdrug missions, and both agencies are considering acquiring more of the aircraft. According to Navy officials, they plan to transfer some P-3 aircraft from the antisubmarine warfare role, substantially modifying the aircraft to perform the drug mission. Customs' decision on whether to acquire additional P-3 aircraft has been deferred until at least June 1993 when the agency's third P-3 airborne early warning aircraft will have been in service for a year.

Future acquisitions, such as those being considered for the P-3 aircraft, will require close coordination and oversight to verify that each agency's requirement is based on a validated threat and cannot be met with another agency's resources. Such verifications must be made, not from a single agency's perspective, but rather from a coordinated interagency approach aimed at maximizing the results that can be achieved with available counterdrug funds.

Equipment Acquisitions Should Be Certified Prior to Funding

ONDCP oversees and coordinates drug control programs through its review and certification of each agency's annual budget request. Through this process, ONDCP verifies that planned programs are consistent with, and adequate to carry out, the President's National Drug Control Strategy.

ONDCP also has established various interagency coordinating committees and working groups, such as the Supply Reduction Working Group which oversees implementation of supply-related objectives and priorities. Operations of the interdiction agencies are coordinated through the National Counter-Drug Planning Process. According to the 1992 National Drug Control Strategy, this process formalizes planning and allows interdiction resources to be efficiently allocated. The Strategy states, "By fully integrating the law enforcement community and DOD in the process, duplication of planning efforts is reduced and overlapping operations are avoided."

We believe similar certification and coordination processes are essential to routinely validate requirements for detection and monitoring equipment and to coordinate the acquisitions needed to fill those requirements.

Recommendations

To prevent counterdrug funds from being spent unnecessarily on acquisition of detection and monitoring equipment, we recommend that the Director of ONDCP certify (1) that budget requests to acquire detection and monitoring equipment are based on valid requirements derived from the national drug-threat assessment and (2) that the requirements cannot be met with existing or planned resources in the federal inventory. This certification process should employ, to the extent practicable, the coordination mechanisms already in place via various interagency committees.

In addition, regarding the National Guard's UC-26C and the Coast Guard's EC-130V aircraft programs, we recommend that

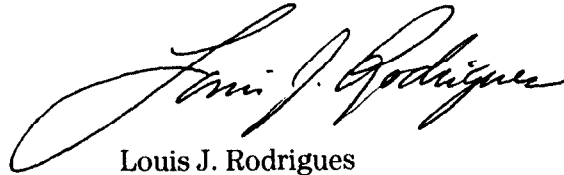
- the DOD Coordinator for Drug Enforcement Policy and Support disapprove all future requests for counterdrug funds for the UC-26C program unless a valid counterdrug requirement for the aircraft is established and the Coordinator's office verifies that the requirement cannot be met with existing or planned assets of either DOD or another interdiction agency and
- the Chief of the National Guard Bureau and the Commandant of the Coast Guard declare these aircraft excess unless a validated requirement is established.

As requested, we did not obtain written comments on this report, but we discussed its contents with ONDCP, DOD, Customs, and Coast Guard officials and incorporated their comments where appropriate.

As agreed with your office, unless you publicly announce this report's contents earlier, we plan no further distribution until 30 days from its issue date. At that time, we will send copies to the Directors of the Office of National Drug Control Policy and the Office of Management and Budget, and to the Secretaries of Defense, Treasury, and Transportation. We will also send copies to other interested parties upon request.

Please contact me at (202) 275-4841 if you or your staff have any questions concerning this report. Other major contributors to the report are listed in appendix II.

Sincerely yours,

A handwritten signature in cursive script, reading "Louis J. Rodrigues". The signature is written in black ink and is positioned above the printed name and title.

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

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Abbreviations

DOD	Department of Defense
ONDCP	Office of National Drug Control Policy

Objectives, Scope, and Methodology

Our objectives were to determine whether equipment acquisitions are supported by valid requirements and are coordinated among the agencies responsible for interdicting drug traffic—the Department of Defense (DOD), the U.S. Customs Service, and the U.S. Coast Guard. We used broad definitions of “equipment”—to include both major systems (such as aircraft) and subsystems (such as radar units installed on aircraft); and “acquisitions”—to include procurement of new equipment, modification of existing equipment, and transfers of equipment from other missions. We also focused on identifying systemic weaknesses, instead of reviewing the universe of equipment acquisitions.

We limited the review to acquisitions after September 1988, when DOD received its mandate as lead agency for detection and monitoring. We focused on (1) larger and more expensive systems and subsystems, (2) acquisitions justified at least partially by agencies’ drug control missions, and (3) equipment used primarily for detecting and monitoring drug traffic between source countries and the United States.

We used as criteria acquisition guidance published by the Office of Management and Budget, DOD, the Department of the Treasury, the Department of Transportation, and the Coast Guard. Where appropriate, we applied this guidance to the interagency detection and monitoring effort.

We reviewed documents pertaining to, and discussed with agency officials their views on, the justifications for specific acquisitions.

We conducted our work in accordance with generally accepted government auditing standards between November 1991 and June 1992. We performed work in Washington, D.C. at the Office of the DOD Coordinator for Drug Enforcement Policy and Support, the National Guard Bureau, the Air National Guard, the Office of National Drug Control Policy, the Office of Management and Budget, the U.S. Customs Service, and the U.S. Coast Guard; in Norfolk, Virginia, at the U.S. Atlantic Command; and in Panama, at the U.S. Southern Command.

Major Contributors to This Report

**National Security and
International Affairs
Division, Washington,
D.C.**

Gary K. Weeter, Assistant Director
Robert J. Stolba, Assignment Manager

Norfolk Regional Office


Edward W. States, Regional Management Representative
James B. Marshall, Evaluator-in-Charge
Julie C. Washington, Site Senior

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