
July 2008

DRUG-FREE COMMUNITIES SUPPORT PROGRAM

Stronger Internal Controls and Other Actions Needed to Better Manage the Grant-Making Process





Highlights of GAO-08-57, a report to congressional requesters

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Why GAO Did This Study

Twenty-five percent of American students ages 13-17 reported using illicit drugs in 2007. The Drug-Free Communities Support Program provides grants to community coalitions involved in reducing youth substance abuse. The Office of National Drug Control Policy (ONDCP) administers the program. ONDCP selected the Substance Abuse and Mental Health Services Administration (SAMHSA) to operate the grant program in fiscal year 2005. In 2005, ONDCP did not award grants to some coalitions who had previously received grant funds (renewal grantees). GAO was asked to assess (1) the extent to which ONDCP and SAMHSA administered grant-related activities for fiscal years 2005 and 2006 consistent with federal internal control standards, statutory requirements, and other guidance and (2) the steps ONDCP has taken since 2006 regarding its administration of grant-related activities. GAO analyzed and compared program documents and grant activities to established guidance, such as federal internal control standards and statutory requirements, and interviewed key program management officials.

What GAO Recommends

GAO recommends that ONDCP strengthen internal controls, ensure that funded grant applicants satisfy statutory eligibility criteria, and fully define roles and responsibilities. In commenting on a draft of this report, ONDCP described actions taken to address these recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-57](#). For more information, contact Robert Goldenkoff at (202) 512-6806 or goldenkoffr@gao.gov.

What GAO Found

In fiscal years 2005 and 2006, ONDCP and SAMHSA did not always adhere to applicable federal internal control standards, statutory requirements, and other guidance during the grant-making process. Standards for internal control in the federal government call for agencies to conduct ongoing monitoring of a program's performance, but ONDCP did not conduct such monitoring of SAMHSA or the program overall. Thus, ONDCP increased its risk of not providing reasonable assurance that SAMHSA conducted grant activities, such as eligibility screening. Internal control standards also require that agencies maintain documentation that grant applicants met eligibility requirements each fiscal year. While SAMHSA officials said that they screened all renewal grantees for eligibility in 2005 and ONDCP officials said they screened all initial grantees in 2006, documentation indicating that such screening had occurred was missing from 47 of the 66 grantee files GAO reviewed. ONDCP also lacked a process to ensure that all renewal applicants met statutory eligibility requirements. For example, ONDCP used a separate screening process in fiscal year 2005 that included a criterion that grantees limit funding for direct services, such as enrolling individuals in a drug prevention program. Only renewal grant applicants that met this or one of two other criteria underwent further screening for statutory eligibility. As a result, ONDCP funded about 86 percent of renewal grantees in 2005 without ensuring that they met the statutory eligibility criteria. Leading practices for collaborating agencies call for strategies to ensure common outcomes. However, the inter-agency agreement between ONDCP and SAMHSA did not fully define roles and responsibilities and lacked specific guidance to SAMHSA on eligibility screening. As a result, confusion occurred over issues, such as the eligibility criteria to apply, hampering the two agencies in their efforts to effectively manage the grant-making process.

Since 2006, ONDCP has addressed some of the issues described above, by (1) clarifying its role for the program in its 2007 agreement with SAMHSA, (2) establishing management groups to address monitoring issues, and (3) eliminating its use of the direct services eligibility criterion. However, some internal control and other challenges remain. For example, ONDCP has not yet put a mechanism in place to ensure that documentation confirming eligibility is maintained in the grant files. ONDCP also has not documented its approach to overseeing SAMHSA and the program. Without defined oversight activities for ensuring completion of the work, ONDCP lacks reasonable assurance that required tasks are being performed in accordance with management's directives. Also, roles and responsibilities for key elements of grant administration remain largely undefined in that the agencies have not clarified certain services SAMHSA is to provide related to awarding grants or the role of the program Administrator. Without defining these roles, confusion on the steps to follow in managing the program could continue to occur. Finally, as in 2006, ONDCP officials told GAO that they did not screen renewal grant applicants for eligibility in 2007 because the screening that applicants undergo when they first receive a grant is sufficient.

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Abbreviations

DOJ	Department of Justice
FMFIA	Federal Managers' Financial Integrity Act of 1982
HHS	Department of Health and Human Services
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
SAMHSA	Substance Abuse and Mental Health Services Administration

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**United States Government Accountability Office
Washington, DC 20548**

July 31, 2008

The Honorable Joseph R. Biden, Jr.
Chairman
The Honorable Charles E. Grassley
Co-Chairman
Caucus on International Narcotics Control
United States Senate

The Honorable Elijah E. Cummings
The Honorable Sander M. Levin
The Honorable Mark E. Souder
House of Representatives

Twenty-five percent of American students between the ages of 13 and 17 reported using illicit drugs in 2007, according to a government survey.¹ To address this problem, various efforts to curb substance abuse among youth are underway in the United States. One such effort is the Drug-Free Communities Support Program, which was established by the Drug-Free Communities Act of 1997 and is administered by the Office of National Drug Control Policy (ONDCP) within the Executive Office of the President.² ONDCP is led by a Director responsible for establishing a program to support communities in preventing and treating substance abuse among youth. The Director appoints an Administrator who is statutorily responsible for carrying out the program. The Drug-Free Communities Support Program was designed to help communities develop and implement comprehensive, long-term plans and programs to prevent and treat substance abuse. Under the Drug-Free Communities Support Program, ONDCP provides federal grants to "coalitions" that have established sustainable and accountable anti-drug efforts involving every major sector of a community. These coalitions are broad-based groups consisting of representatives of youth, parents, businesses, the media, law enforcement, religious or other civic groups, health care professionals, and other organizations involved in reducing substance abuse in their communities, especially among the young.

¹National Institute on Drug Abuse, *Monitoring the Future* (Washington, D.C.: 2007).

²Pub. L. No. 105-20, 111 Stat. 224, codified at 21 U.S.C. § 1521 et seq.

The Drug-Free Communities Support Program supports community coalitions in their efforts to address and reduce substance abuse among youth by providing federal grants in the form of initial and renewal grants.³ These initial and renewal grants are available to eligible coalitions in amounts up to \$125,000 for a fiscal year.⁴ By statute, eligible coalitions may receive Drug-Free Communities Support Program grants for two 5-year cycles (generally, an initial grant and four renewal grants per 5-year cycle).⁵ According to ONDCP, a coalition, after award of an initial grant, will continue to receive funds during the 5-year cycle if ONDCP determines that the coalition makes satisfactory progress in its efforts to reduce substance abuse among youth and the coalition complies with the conditions of their award, and remains eligible for the grant. For example, the coalition must have as its principal mission the reduction of substance abuse in a comprehensive and long-term manner, with a primary focus on youth in the community. Over the program's 10-year existence, approximately \$550 million has been appropriated for grant awards.

The Drug-Free Communities Support Program has undergone administrative changes in recent years. Since the program's inception in 1997, ONDCP has delegated authority for the execution of certain grant management activities to other agencies, as authorized by statute.⁶ From fiscal years 1998 to 2004, ONDCP managed the Drug-Free Communities Support Program in conjunction with the Office of Juvenile Justice and Delinquency Prevention, an office within the Department of Justice (DOJ). In fiscal year 2004, as a result of a recommendation from the program's Advisory Commission⁷ aimed at determining the appropriate agency to execute certain grant management activities of the program,⁸ ONDCP

³For purposes of this report, "initial" grant applicants refer to those applying for year 1 or year 6 of funding or who have had a lapse in their funding in the previous fiscal year. "Renewal" grant applicants received funding in the previous year and are applying for 1 fiscal year of funding, either year 2-5 or year 7-10.

⁴The Office of National Drug Control Policy Reauthorization Act of 2006, Pub. L. No. 109-469, § 803, 120 Stat. 3502, 3535, authorized an increase in the maximum amount of the grant award to \$125,000 per fiscal year; the maximum was previously \$100,000. In fiscal year 2008, ONDCP will begin awarding grants up to \$125,000.

⁵21 U.S.C. § 1532.

⁶21 U.S.C. § 1531(d).

⁷The Advisory Commission is comprised of 11 members appointed by the President.

⁸Given the growth of the program, the Advisory Commission recommended the review.

selected the Substance Abuse and Mental Health Services Administration (SAMHSA), a component of the Department of Health and Human Services (HHS), to help manage the program. Fiscal year 2005 was the first year that the grant program was operated by ONDCP and SAMHSA under an inter-agency agreement. During the fiscal year 2005 process, some renewal grant applicants were denied a grant within their 5-year cycle by ONDCP, which raised questions about how the grant program was administered and how the grantee application review process was conducted during that fiscal year.

You requested that we review the grant-related activities, including how ONDCP and SAMHSA screened applicants to determine eligibility and communicated with coalitions about the grant program. This report addresses: (1) the extent to which ONDCP and SAMHSA administered grant-related activities for fiscal years 2005 and 2006 in accordance with federal internal control standards, statutory requirements, and leading practices for collaborating agencies and (2) the steps ONDCP has taken since fiscal year 2006, if any, concerning its administration of grant-related activities.

To determine the extent to which ONDCP and SAMHSA conducted its grant-related activities, including eligibility screening for the Drug-Free Communities Support Program in accordance with Internal Control Standards for the Federal Government,⁹ statutory requirements, and leading practices for collaborating agencies,¹⁰ we reviewed available documents such as grant announcements and inter-agency agreements between ONDCP and SAMHSA and compared them to these criteria. Further, to determine whether ONDCP and SAMHSA had documented eligibility screening, we reviewed systematic random samples of available grant applications for fiscal years 2005 and 2006.¹¹ Because the 126 applications we reviewed (of which 66 were awarded grants) were not representative of all of the approximately 1,690 applications, we cannot generalize the results to the larger populations of fiscal year 2005 (about

⁹GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1999).

¹⁰GAO, *Results Oriented Government Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

¹¹A systematic random sample is when the population is listed in some order and every 10th grant application, for example, is selected for the sample. A random start is used to select the initial element, or starting point, for the sample.

990 applications) or fiscal year 2006 applicants (over 700 applications). Even so, our review of these applications provided us with perspective on how ONDCP and SAMHSA handled these applications. Additionally, because accurate counts of the total numbers of applications in fiscal years 2005 and 2006 were not available, we provide approximate numbers of applications to illustrate orders of magnitude. We compared ONDCP's and SAMHSA's grant-related activities in fiscal years 2005 through 2007 with criteria in GAO's *Standards for Internal Control in the Federal Government*. These standards, issued pursuant to the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA),¹² provide the overall framework for establishing and maintaining internal control in the federal government. Also pursuant to FMFIA, the Office of Management and Budget (OMB) issued Circular A-123, revised December 21, 2004, to provide the specific requirements for assessing the reporting on internal controls. Internal control standards and the definition of internal control in OMB Circular A-123 are based on GAO's *Standards for Internal Control in the Federal Government*. We also considered our prior work on results-oriented government related to leading practices for federal collaboration.¹³ In addition, we compared ONDCP's and SAMHSA's grant-related activities in fiscal years 2005 through 2007 with statutory criteria included in the Drug-Free Communities Act of 1997;¹⁴ the Drug-Free Communities Support Program Reauthorization Act of 2001;¹⁵ and the Office of National Drug Control Policy Reauthorization Act of 2006.¹⁶

To identify the steps ONDCP has taken since fiscal year 2006, if any, concerning its administration of grant-related activities, we reviewed the documents and grant applications described above. We also interviewed key staff at ONDCP and SAMHSA about how they conducted and documented grant-related activities since 2006. While our discussions with agency officials from ONDCP and SAMHSA focused on the agencies' review methods and funding decisions implemented in fiscal years 2005 and 2006, we also obtained information for fiscal year 2007 wherever possible to provide the most current information on the program. We did

¹²Pub. L. No. 97-255, 96 Stat. 814.

¹³GAO-06-15.

¹⁴Pub. L. No. 105-20, 111 Stat. 224.

¹⁵Pub. L. No. 107-82, 115 Stat. 814.

¹⁶Pub. L. No. 109-469, 120 Stat. 3502.

not review the fiscal year 2008 grant-making process because the process was underway during our review and the results of the process were not yet available.

We conducted this performance audit from July 2006 through July 2008 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. Additional details on our scope and methodology are contained in appendix I.

Results in Brief

In administering the Drug-Free Communities Support Program in fiscal years 2005 and 2006, the grant award process of ONDCP and SAMHSA did not always adhere to key internal control standards for the federal government essential for proper stewardship of public resources, the statutory requirements governing the program,¹⁷ and leading practices for collaboration and coordination between agencies to ensure only eligible coalitions were awarded grants.¹⁸ Standards for internal control in the federal government call for on-going monitoring of a program's performance, and transactions to be clearly documented and for the documentation to be readily available for examination, among other actions. Further, the statutory requirements governing the Drug-Free Communities Support Program require a coalition to meet each of the statutory eligibility criteria, each fiscal year, to be eligible to receive an initial or renewal grant. Also, as we reported in October 2005, collaborating agencies need to establish strategies that work in concert with those of their partners, which can help in aligning partner agencies' activities and core processes and resources.¹⁹ However, for fiscal years 2005 and 2006, we identified weaknesses in the following areas:

- ONDCP and SAMHSA signed inter-agency agreements that did not provide guidance for monitoring and overseeing the program. Also, ONDCP officials acknowledged that they did not conduct ongoing

¹⁷See fig. 2 for a summary of the program's statutory eligibility criteria.

¹⁸An "eligible coalition" is defined as a coalition that meets the applicable statutory eligibility criteria.

¹⁹GAO-06-15.

monitoring and oversee the grant program because ONDCP expected SAMHSA to carry out its duties as specified in the inter-agency agreement and the funding announcement. Because ONDCP did not engage in ongoing monitoring, the agency increased its risk that it cannot provide reasonable assurance that SAMHSA conducted grant activities according to ONDCP's expectations. Additionally, we found that 47 of 66 (71 percent) of the files we reviewed for initial and renewal grant applicants that were awarded funding lacked documentation that showed whether the statutory eligibility criteria had been met or assessed. Furthermore, the screening sheet that SAMHSA and ONDCP used in fiscal years 2005 and 2006 to assess grant applicants' eligibility did not include all of the criteria the statute requires be considered in assessing an applicants' eligibility. Nor did the files with these screening sheets contain other documentation to demonstrate that applications were completely assessed for statutory eligibility. Without documentation of a process that considers all of the statutory requirements, ONDCP increased its risk that all grant applicants awarded funding were not statutorily eligible to receive the grant funds.

- ONDCP also lacked a process to screen renewal grant applicants to ensure ongoing statutory eligibility. As a result, ONDCP funded the majority (about 86 percent) of renewal grant applicants in fiscal year 2005 and all of these applicants for fiscal year 2006 without ONDCP or SAMHSA ensuring that they satisfied the statutory eligibility criteria. For fiscal year 2005, ONDCP used a separate screening process consisting of three criteria²⁰—including one that applicants limit the amount of grant funds used to provide direct services to individuals²¹—to determine whether grant applicants would be screened for statutory eligibility. ONDCP officials told us that they instituted this screening process because late in fiscal year 2005 SAMHSA did not produce evidence that all applications had been screened for statutory eligibility and to ensure that funds were awarded only to eligible coalitions, as required by statute. Under ONDCP's screening process, renewal grant applicants were subjected to statutory eligibility screening when they met one or more of the three criteria. For fiscal year 2006, ONDCP officials told us that they did not require renewal grant applicants to

²⁰The other two criteria are described later in this report; see table 1.

²¹For renewal grant applicants, 40 percent or more of funds could not be used for direct services, whereas for initial grant applicants, 20 percent or more of funds could not be used for direct services.

undergo any process to determine whether the applicants satisfied the statutory eligibility criteria because ONDCP believed that an eligibility screen for a previous year was also sufficient for the current fiscal year. Without screening renewal grant applicants for statutory eligibility for fiscal years 2005 and 2006, ONDCP increased its risk that the coalitions it awarded funding were not statutorily eligible to receive the grant funds.

- ONDCP and SAMHSA did not follow leading practices for collaboration, such as agreeing on roles and responsibilities and establishing compatible policies, procedures, and other means to operate across agency boundaries. The inter-agency agreements signed by ONDCP and SAMHSA did not fully define all roles and responsibilities for managing the grant process, such as the role of SAMHSA in screening renewal grant applicants for eligibility. As a result, in fiscal year 2005, confusion occurred over the extent to which eligibility screening had taken place, hampering ONDCP and SAMHSA in their efforts to effectively manage the grant-making process.

Since fiscal year 2006, ONDCP has addressed some of the issues described above by establishing senior-level management groups to address collaboration and monitoring issues, eliminating its use of the direct services eligibility criterion in response to reauthorizing legislation, and clarifying grant program roles and responsibilities. However, weaknesses in internal controls and other challenges remain. For example:

- ONDCP has not developed or documented its approach to monitoring SAMHSA's administration of the grant program and overseeing the grant program as a whole as required by internal control standards. Without defined oversight activities for ensuring successful completion of the work, ONDCP lacks reasonable assurance that required tasks are being performed in accordance with its directives. Further, ONDCP has not yet taken steps to ensure that key grant file documentation is maintained in the grant files. Nor has ONDCP amended the eligibility screening sheets for fiscal year 2007 to better capture the statutory eligibility criteria for use in screening initial grant applicants.
- Various challenges in defining roles and responsibilities for program management have not been fully addressed. Specifically, the two agencies have yet to develop policies and procedures to clarify certain services SAMHSA will provide related to awarding grants, as required under the inter-agency agreement. Additionally, while the agreement designates the Director of ONDCP as responsible for making final funding decisions, the agreement does not specifically define the role

of the Administrator for the Drug-Free Communities Support Program. Because the Administrator for the grant program, by statute, is responsible for generally carrying out those responsibilities, including making decisions related to the statutory eligibility criteria, it is particularly important that the agencies agree upon and document what this leadership role entails. Without taking action to fully define these roles and responsibilities, confusion on the steps to follow in managing the program could continue to occur.

- As in fiscal year 2006, ONDCP officials told us that they did not screen renewal grant applicants for statutory eligibility in fiscal year 2007, nor did they require grantees to submit any supporting documentation to show that the statutory eligibility criteria had been met. Without screening for statutory eligibility, ONDCP increased its risk that the renewal grant applicants it awarded funding to in fiscal year 2007 were not statutorily eligible for such funding.

To improve the internal controls and management of the Drug-Free Communities Support Program, we are recommending that the Director of ONDCP (1) develop and document its approach to monitoring and overseeing SAMHSA and the program as a whole, (2) ensure that the coalitions receiving an initial grant or a renewal grant satisfy all of the statutory eligibility criteria and the basis for grant decisions is fully documented, and (3) fully define the roles and responsibilities of SAMHSA and ONDCP, including those of the Drug-Free Communities Support Program Administrator, in operating the program.

We provided a draft of this report to ONDCP, HHS, and DOJ for review. The Director of ONDCP described actions underway or planned to address the recommendations and raised some issues with our presentation of certain data, such as difficulties in using ONDCP data to accurately identify the number of applications received by the program in fiscal years 2005 and 2006. In its comments, SAMHSA described strategies underway to improve internal controls and management of the Drug-Free Communities Support Program within SAMHSA and in their partnership with ONDCP. DOJ provided technical comments.

Background

The Drug-Free Communities Act of 1997 established the Drug-Free Communities Support Program.²² The program's two major goals are to: (1) establish and strengthen collaboration among communities, private non-profit agencies, and federal, state, local, and tribal governments to support the efforts of community coalitions to prevent and reduce substance abuse among youth; and (2) reduce substance abuse over time among youth and adults by addressing the factors in a community that increase the risk of substance abuse and promoting the factors that minimize the risk of substance abuse. As authorized by statute, the Director of ONDCP may employ any necessary staff and enter into contracts or agreements with national drug control agencies, including inter-agency agreements to delegate authority for the execution of grants and for such other activities necessary to carry out the program.²³

Since the program's inception in 1997, ONDCP has delegated certain grant administration activities to other agencies through inter-agency agreements. These inter-agency agreements are drafted each fiscal year, reflecting the necessary changes and lessons learned from the previous year, and are put into effect once they are agreed upon and signed by both parties. In fiscal year 2005, ONDCP administered the program with SAMHSA. This inter-agency agreement was the vehicle through which, consistent with the terms of the statutory requirements, ONDCP sought to ensure the proper management of the program. This inter-agency agreement provided ONDCP with an opportunity to set forth the processes and procedures for the award and management of grants.

An Administrator, appointed by the Director of ONDCP, is responsible for carrying out a program to support communities in the development and implementation of plans and programs to prevent and treat substance abuse among youth. The Administrator is responsible for carrying out the program, including setting forth various standards related to the statutory eligibility requirements.²⁴

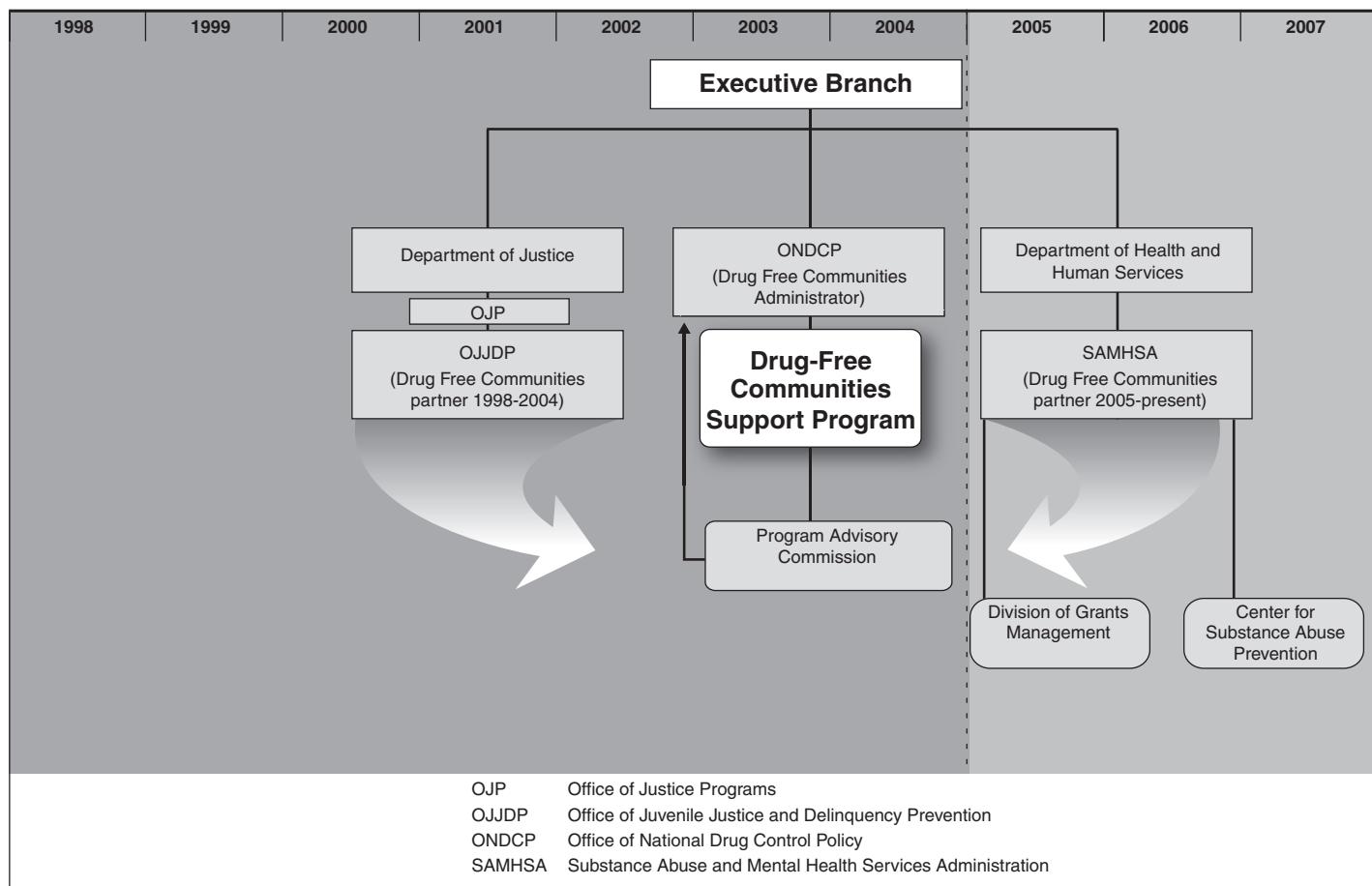
²²Since the Drug-Free Communities Support Program was established by the Drug-Free Communities Act of 1997, Pub. L. No. 105-20, 111 Stat. 224, the program has been reauthorized by the Drug-Free Communities Support Program Reauthorization Act of 2001, Pub. L. No. 107-82, 115 Stat. 814, and by the Office of National Drug Control Policy Reauthorization Act of 2006, Pub. L. No. 109-469, 120 Stat. 3502.

²³21 U.S.C. § 1531(d).

²⁴21 U.S.C. §§ 1531(c), 1532(a).

From fiscal years 1998 to 2004, the grant program was administered by the Office of Juvenile Justice and Delinquency Prevention Programs, organized under the Department of Justice and headed by the Office of the Assistant Attorney General. From fiscal year 2005 to the present, the grant program has been administered by SAMHSA, organized under the Department of Health and Human Services and headed by its Secretary. See figure 1 for an organizational overview of the program, including the Office of Juvenile Justice and Delinquency Prevention Program's past involvement.

Figure 1: Organizational Overview of Drug-Free Communities Support Program



Source: GAO analysis of agencies' data.

General Overview of the Drug-Free Communities Support Program Grant Management and Funding Process

Under the Drug-Free Communities Support Program, grantees receive federal funds each fiscal year²⁵ and are required to match federal grant funds with non-federal funds including, at the discretion of the Administrator, in-kind contributions for that fiscal year.²⁶ Grantees may receive funding on a fiscal year basis in two 5-year cycles (although grantees must reapply each fiscal year), for a total of up to 10 years of funding. There are two classes of applicants that a coalition may fall under when applying for funding; each class of applicant has its own set of requirements or characteristics, as shown below.

- *Initial grant applicants* are those that are (1) either applying for their first grant, (2) have received 5 years of funding and are applying for a sixth year, or (3) have had a lapse in their funding in the previous fiscal year.
- *Renewal grant applicants* have received an award in the previous year and are applying each fiscal year for funding for years 2 through 5 or years 7 through 10. Renewal grant applicants generally do not compete with other applicants for funds.²⁷

Each fiscal year, initial grant applicants submit their applications for review. Those applications deemed eligible are then forwarded on for peer review. Peer reviewers are external experts who examine applications and score them on the basis of several areas, such as the extent to which a coalition demonstrates effective strategic planning and implementation. These scores are used to assess the applicant and range from 0 (lowest

²⁵Prior to fiscal year 2008, grantees were eligible to receive up to \$100,000 per fiscal year. The Office of National Drug Control Policy Reauthorization Act of 2006, Pub. L. No. 109-469, § 803, 120 Stat. 3502, 3535, authorized an increase in the maximum amount of the grant award up to \$125,000 per fiscal year. In fiscal year 2008, ONDCP will begin awarding grants up to \$125,000.

²⁶The program's fiscal year 2007 funding announcement defines "in-kind contributions" as the value of goods and services donated to the operations of the coalition such as office space, volunteer secretarial services, pro bono accounting services, or other personnel serving in a volunteer capacity.

²⁷For fiscal year 2005, ONDCP designated the applicants slightly differently. "Initial grant applicants" were those applicants that were: (1) not current Drug-Free Communities Support Program grantees, (2) former grantees that had a lapse in funding in the previous year, or (3) grantees applying for their sixth year of funding. ONDCP defined those grant applicants that had received grants in the previous year, but were not applying for their sixth year of funding as "competing renewal" grant applicants. ONDCP also referred to "competing renewal" grant applicants as "continuing" grant applicants. For purposes of this report, we refer to grant applicants as "initial" or "renewal."

score) to 100 (highest score). ONDCP then determines which coalitions will receive funding, generally awarding grants from the highest peer review score down until all of the funding has been used.²⁸

Each fiscal year, renewal grant applicants submit abbreviated applications, which include a budget and work-plan, to SAMHSA. SAMHSA reviews these applications to gather required information on the grant applicant's progress. Then, ONDCP determines whether to continue federal grant support.²⁹

Administration of Drug-Free Communities Grant-Making Process Contained a Number of Implementation Weaknesses

The 2005 and 2006 grant award process of ONDCP and SAMHSA did not adhere to standards for internal control in the federal government, statutory requirements, and leading practices for collaborating agencies. The process did not adhere to certain federal internal control standards because ONDCP lacked mechanisms for monitoring SAMHSA and ensuring that application reviews were fully documented. Furthermore, ONDCP instituted procedures for screening grant applications that did not ensure that all renewal grantees met statutory eligibility requirements. Finally, ONDCP and SAMHSA experienced collaboration challenges, such as a lack of fully defined roles and responsibilities and procedures for conducting eligibility screening, which hampered their management of the grant-making process.

The Grant Process of ONDCP and SAMHSA Did Not Adhere to Certain Internal Control Standards Related to Monitoring and Documentation

Standards for internal control in the federal government are essential for proper stewardship of public resources because they help ensure accountability and minimize operational problems. Having internal controls that operate as intended related to monitoring and oversight could provide assurance that SAMHSA is conducting its activities in accordance with the inter-agency agreement signed by both agencies. In addition, in managing the Drug-Free Communities Support Program, adequate internal controls, such as ensuring proper documentation of

²⁸ONDCP uses peer reviewers' ratings and any resulting recommendations for advisory purposes.

²⁹For fiscal year 2005, SAMHSA forwarded all but one grant application to peer review without documenting that renewal grant applicants were screened for statutory eligibility. After peer review, ONDCP developed a screening process to determine which applications would be screened for statutory eligibility and funded.

eligibility screening activities, are key to providing accountability in the process.

According to internal control standards, management should provide ongoing monitoring of performance. Neither the inter-agency agreement between ONDCP and SAMHSA nor other documentation associated with the grant-making process defined how ONDCP would oversee SAMHSA in conducting its monitoring responsibilities. In July 2006, we reported that in using inter-agency agreements, the issuing agency, among other things, should clearly define roles and responsibilities for conducting monitoring and oversight.³⁰ However, the inter-agency agreement for fiscal year 2005 did not articulate such specific roles and responsibilities for each of the two agencies. The statute states that ONDCP may enter into inter-agency agreements with other national drug control agencies to delegate authority for the execution of grants and for such other activities necessary to carry out the program. As reflected in the legislative history of the Drug-Free Communities Act of 1997, the ONDCP Administrator of the program would use the terms of the inter-agency agreement to oversee the program and ensure that it is operated and grants are awarded in accordance with the policies and criteria established for the program.³¹ However, our review of the inter-agency agreement found no references about how ONDCP would monitor SAMHSA in administering the grant-making process or a description of roles related to these activities. Moreover, we found that no specific policies and procedures for monitoring the program were established before the grant process had begun.

Furthermore, ONDCP officials told us that while the inter-agency agreement was intended to serve as the document for the monitoring, oversight, and management of the program, they acknowledged that this was not the case in fiscal year 2005, though officials told us that staff from both agencies met periodically to review the grant program process. ONDCP officials acknowledged, however, that they did not regularly monitor and oversee the grant program because ONDCP expected SAMHSA to carry out its duties as specified in the inter-agency agreement and the funding announcement. Because ONDCP did not conduct ongoing monitoring, the agency increased its risk that it could not provide

³⁰GAO, *Homeland Security: Contract Management and Oversight for Visitor and Immigrant Status Program Need to Be Strengthened*, GAO-06-404 (Washington, D.C.: July 10, 2006).

³¹H.R. Rep. No. 105-105, pt. 1, at 18 (1997).

reasonable assurance that SAMHSA was conducting grant activities, such as eligibility screening, according to ONDCP's expectations.

Standards for Internal Control in the Federal Government call for transactions and other significant events to be clearly documented and all documentation to be properly managed and maintained.³² However, we found that such documentation was not consistently maintained for reviews of grant applications for statutory eligibility. Specifically, ONDCP and SAMHSA did not provide us documentation on whether fiscal year 2005 renewal grant applicants were screened for statutory eligibility, as we requested. As a result, we asked 10 SAMHSA project officers whether they conducted the screening, of which 5 reported that they screened renewal grant applicants for eligibility in fiscal year 2005.³³ We also reviewed 66 grant application files for funded initial and renewal grantees, that covered fiscal years 2005 and 2006, to determine whether the files contained documentary evidence that screening for statutory eligibility had occurred. Documentary evidence was missing from 47 of the 66 grant files (71 percent) we reviewed. Specifically, for fiscal year 2005, files for 21 funded renewal grant applicants and 1 funded initial applicant contained no documentation. For fiscal year 2006, 25 files for funded initial grant applicants were missing documentary evidence that eligibility screening took place.³⁴ While our review cannot be generalized to all grant files for fiscal years 2005 and 2006, the lack of documentation in most of the grant files we reviewed indicates increased risk that neither ONDCP nor SAMHSA could provide reasonable assurance that all funded grant applicants were screened for eligibility.

In addition, the screening sheets used by agency officials to determine whether an applicant was an eligible coalition did not include all of the statutory eligibility criteria (see fig. 2 for our summary of the statutory eligibility criteria).³⁵

³² GAO/AIMD-00-21.3.1.

³³ Four of the five remaining project officers said that they screened initial grant applicants for eligibility. The fifth project officer did not recall whether she screened initial or renewal grant applicants for eligibility.

³⁴ While ONDCP officials could not provide the eligibility screening sheets, they did provide documentation on the results of their fiscal year 2006 eligibility screening process.

³⁵ 21 U.S.C. §1532(a).

Figure 2: Summary of Statutory Eligibility Criteria of the Drug-Free Communities Support Program

Under 21 U.S.C. § 1532(a), to be eligible to receive an initial grant or a renewal grant, a coalition must meet each of the following criteria:

Application

The coalition shall submit an application in writing which is subject to the review of the Administrator.

Major Sector Involvement

The coalition shall consist of 1 or more representatives from each of the following categories: Youth; Parents; Businesses; The media; Schools; Organizations serving youth; Law enforcement; Religious or fraternal organizations; Civic and volunteer groups; Health care professionals; State, local or tribal governmental agencies with expertise in the field of substance abuse; and other organizations involved in reducing substance abuse. An individual who is a member of the coalition may serve on the coalition as a representative of not more than 1 category as listed above.

Commitment

The coalition shall demonstrate, to the satisfaction of the Administrator, that the representatives of the coalition have worked together on substance abuse reduction initiatives for a period of not less than 6 months, acting through entities such as task forces, subcommittees, or community boards.

The coalition shall also demonstrate, to the satisfaction of the Administrator, substantial participation from volunteer leaders in the community involved (especially in cooperation with individuals involved with youth such as parents, teachers, coaches, youth workers, and members of the clergy).

Mission and Strategies

The coalition shall, with respect to the community involved, have as its principal mission the reduction of substance abuse in a comprehensive and long-term manner, with a primary focus on youth in the community.

The coalition shall describe and document the nature and extent of the substance abuse problem in the community.

The coalition shall provide a description of substance abuse prevention and treatment and activities in existence at the time of the grant application; and identify substance abuse programs and service gaps in the community; develop a strategic plan to reduce substance abuse among youth in a comprehensive and long-term fashion; and work to develop consensus regarding the priorities of the community to combat substance abuse among youth.

Sustainability

The coalition shall demonstrate that the coalition is an ongoing concern by demonstrating that the coalition is a nonprofit organization, or an entity that the Administrator determines to be appropriate, or part of, or is associated with, an established legal entity.

The coalition shall demonstrate that the coalition is an ongoing concern by demonstrating that the coalition receives financial support from non-Federal sources.

The coalition shall demonstrate that the coalition is an ongoing concern by demonstrating that the coalition has a strategy to solicit substantial financial support from non-Federal sources to ensure that the coalition and the programs operated by the coalition are self-sustaining.

Accountability

The coalition shall establish a system to measure and report outcomes consistent with common indicators and evaluation protocols established and approved by the Administrator.

For an initial grant, the coalition shall conduct an initial benchmark survey of drug use among youth (or use local surveys or performance measures available or accessible in the community at the time of the grant application).

The coalition shall conduct biennial surveys (or incorporate local surveys in existence at the time of the evaluation) to measure the progress and effectiveness of the coalition.

The coalition shall provide assurances that the entity conducting these evaluations or from which the coalition receives information, has experience in gathering data related to substance abuse among youth or in evaluating the effectiveness of community anti-drug coalitions.

Additional Criteria^a

The Director shall not impose any eligibility criteria on new applicants or renewal grantees not provided by statute.

Source: GAO analysis of the statute.

³⁶The Office of National Drug Control Policy Reauthorization Act of 2006, Pub. L. No. 109-469, § 804, 120 Stat. 3502, 3535, enacted on December 29, 2006 (after the fiscal year 2006 grant cycle), amended the Drug Free Communities Act of 1997 by adding this statutory provision prohibiting the Director from imposing any eligibility criteria on new applicants or renewal grantees not provided by statute.

Specifically, our review of an example of eligibility screening sheets used for fiscal years 2005 and 2006, and our file review of 19 initial grantee applications for fiscal year 2005 where eligibility screening sheets were present, found that the eligibility criteria delineated in the screening sheets used by ONDCP and SAMHSA officials to determine whether an applicant was an eligible coalition omitted some of the statutory eligibility criteria.³⁶ For example, the screening sheet did not capture whether an applicant had described and documented the nature and extent of the substance abuse problem in the community; described the substance abuse prevention and treatment programs and activities; developed a strategic plan to reduce substance abuse among youth in a comprehensive and long-term fashion; and worked to develop a consensus regarding the priorities of the community to combat substance abuse among youth as required by statute.³⁷ Nor did the screening sheet examine whether a coalition had established a system to measure and report outcomes consistent with common indicators and evaluation protocols established and approved by the Administrator.³⁸ Without having all of the statutory eligibility criteria on the screening sheet, ONDCP increased its risk that all statutory eligibility criteria were not assessed and met and that all funded grant applicants were not statutorily eligible to receive either an initial or renewal grant.

Grant Applicants Were Not Screened for Statutory Eligibility in Fiscal Years 2005 and 2006

For the Drug-Free Communities Support Program, by statute, a coalition must meet each of the statutory eligibility criteria each fiscal year to be eligible to receive an initial grant or a renewal grant.³⁹ ONDCP implemented a separate screening process, not described in the funding announcement, for initial and renewal grant applicants 1 month before the fiscal year 2005 grant awards were to be announced, including the

³⁶We reviewed a total of 20 initial grantee applications for fiscal year 2005, 1 of which did not contain an eligibility screening sheet.

³⁷21 U.S.C. § 1532(a)(4).

³⁸21 U.S.C. § 1532(a)(6)(A).

³⁹21 U.S.C. § 1532(a).

introduction of a criterion that grant applicants could not propose to use over a certain percentage of grant funds for direct services. Direct services are used to provide a distinct and ongoing service or activity for an individual or group of individuals such as prevention programs. ONDCP officials told us that they instituted this screening process because SAMHSA did not produce evidence that all applications had been screened for statutory eligibility in fiscal year 2005 and to ensure that funds were awarded only to eligible coalitions, as required by statute. ONDCP officials told us that because of time constraints, ONDCP did not review all of the approximately 990 initial and renewal grant applicants to determine if they met all of the statutory eligibility criteria. Instead, ONDCP officials said that they established a separate screening process that would enable the agency to more carefully scrutinize initial or renewal grant applicants who met one or more of the three criteria, as described in table 1.

Table 1: ONDCP Used Different Screening Process for Initial and Renewal Grant Applicants in Fiscal Year 2005

Criteria	Initial grant applicants denied funding when they met one or more of the following:	Renewal grant applicants subjected to statutory eligibility screening when they met one or more of the following:
Criterion 1	Peer review score was 68 points or below (out of 100 points). ^a	Coalition intended to use 40 percent or more of its projected Drug-Free Communities Support Program grant funds to provide direct services to the community.
Criterion 2	Postal zip code of the area served by the coalition overlapped with a coalition already receiving Drug-Free Communities Support Program grant funds (a renewal grantee) and the coalitions were not collaborating. ^b	Peer review score was 40 points or below (out of 100 points).
Criterion 3	Coalition intended to use 20 percent or more of its projected Drug-Free Communities Support Program grant funds to provide direct services to the community.	Any budgetary or other financial concerns existed.

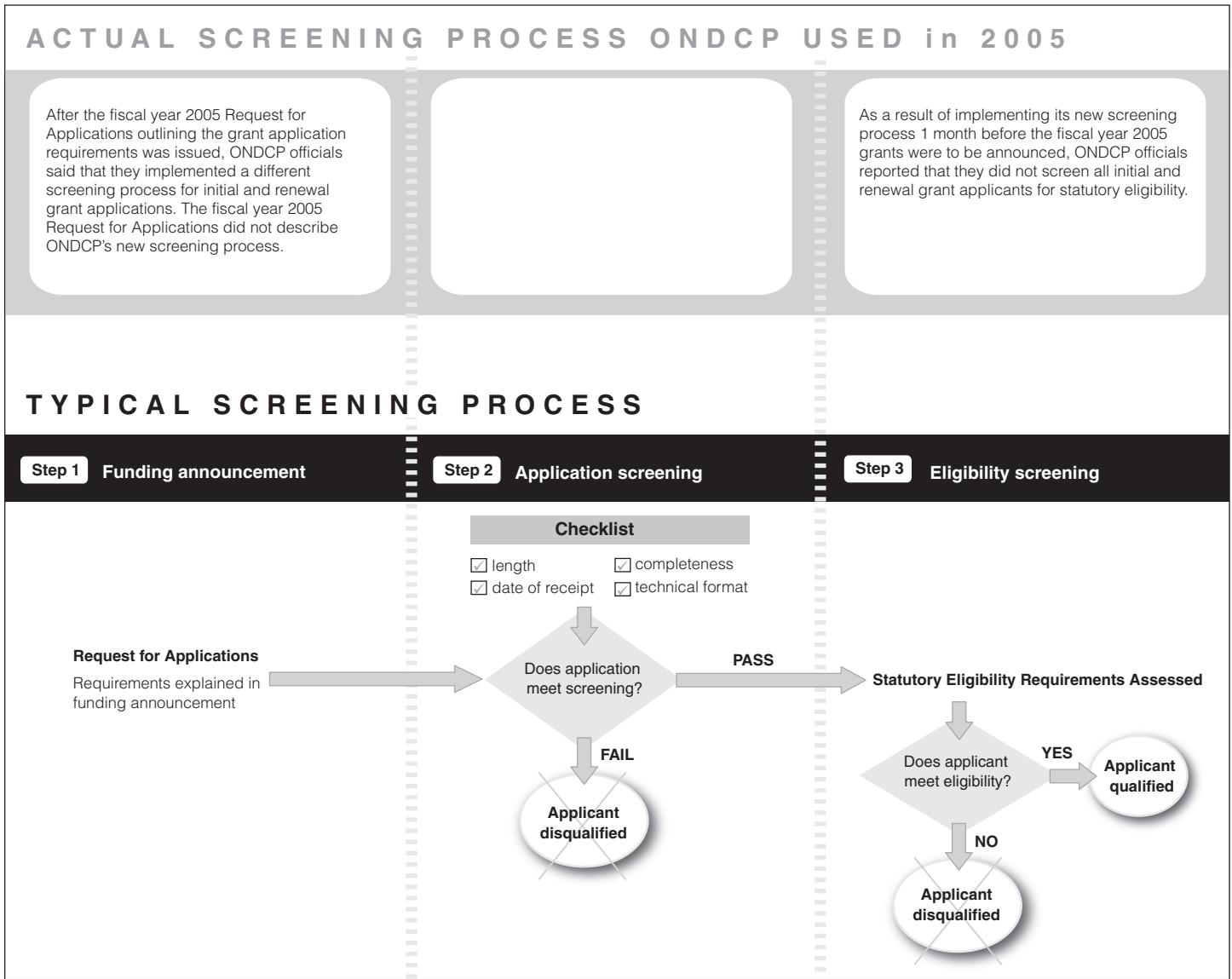
Source: ONDCP.

^aPeer reviewers are external experts that scored the grant applications on the basis of several areas, including, for example, the extent to which a coalition demonstrated effective capacity building and strategic planning.

^bBy statute, the Administrator may, with respect to a community, make a grant to one eligible coalition that represents that community. The Administrator may award a grant to more than one eligible coalition that represents a community if the eligible coalitions demonstrate they are collaborating with one another and each of the coalitions has independently met the statutory eligibility criteria.

The separate screening process that ONDCP officials said they used for the Drug-Free Communities Support Program in fiscal year 2005 differed from the process for federal grant programs in general, as shown in figure 3.

Figure 3: Screening Process ONDCP Reportedly Used in Fiscal Year 2005 for the Drug-Free Communities Support Program Differed from Typical Screening Process for Federal Grant Programs



Source: GAO analysis of ONDCP and SAMSHA data.

The criteria and procedures ONDCP officials told us they implemented for the separate screening process differed for initial and renewal grant applicants. One key difference was the direct services threshold applied—20 percent or more of funds could not be used for direct services for initial grant applicants and 40 percent or more of funds could not be used for

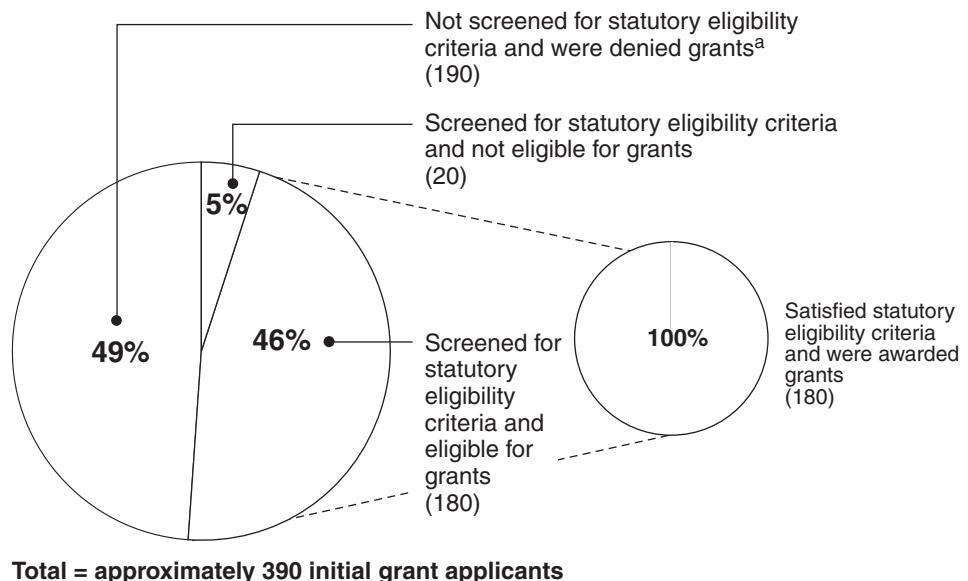
direct services for renewal grant applicants. Table 1 describes the different screening process and criteria ONDCP officials said they used for initial and renewal grant applicants in fiscal year 2005.

In addition, ONDCP officials reported different outcomes for its separate screening process for initial and renewal grant applicants. For the initial grant applicants, ONDCP officials reported that all of the approximately 180 that were funded met the statutory eligibility requirements. However, ONDCP officials acknowledged that most or about 515 of the approximately 600 (about 86 percent) renewal grant applicants were funded in fiscal year 2005 without ONDCP or SAMHSA ensuring that these grantees satisfied the statutory eligibility criteria.⁴⁰ The results of ONDCP's review are shown in figure 4.

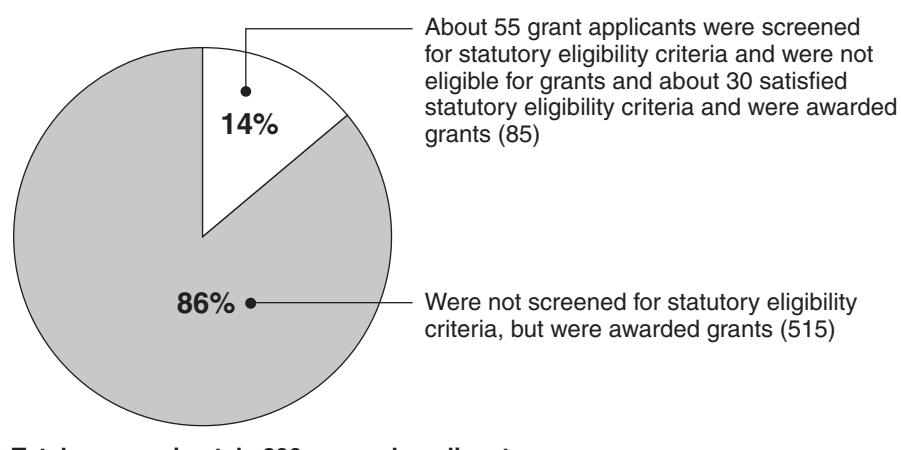
⁴⁰We attempted to select probability samples of grant applications to review; this would have allowed us to generalize the results to all fiscal year 2005 and fiscal year 2006 grant applications. However, because ONDCP and SAMHSA lacked documentation to provide accurate counts of the total numbers of applications in either year, we were unable to do so.

Figure 4: ONDCP Reported that All Funded Initial Grant Applicants Met Statutory Eligibility Criteria in Fiscal Year 2005, but Most Funded Renewal Grant Applicants Were Not Screened

Initial grant applicants, FY 2005



Renewal grant applicants, FY 2005



Total = approximately 600 renewal applicants

Source: ONDCP.

Note: Numbers may not add due to rounding.

^aMet one or more of the three criteria in table 1.

For the fiscal year 2006 screening process, ONDCP officials said they applied the direct services criterion differently than in fiscal year 2005. The direct services criterion was also described explicitly as an additional eligibility criterion to be applied (that is, eligibility criterion apart from the statutory eligibility criteria) in the 2006 funding announcement. For fiscal year 2006, for initial grant applicants only, the 20 percent direct services threshold was explicitly described in both the inter-agency agreement and in the fiscal year 2006 funding announcement. The inter-agency agreement between ONDCP and SAMHSA stated that “ONDCP shall review [initial] applications for compliance with the 20 percent direct services policy.” The funding announcement provided to initial grant applicants stated that “No more than 20 percent of [Drug-Free Communities] grant funds may be used for direct services.” The funding announcement also stated that if initial grant applicants did not meet this eligibility requirement, their applications would not be forwarded for peer review.

While ONDCP clarified the funding announcement for grant applicants in fiscal year 2006, ONDCP did not screen renewal grant applicants for the statutory eligibility criteria in fiscal year 2006 because, according to ONDCP officials, these applicants were already considered to be statutorily eligible for grant funds. ONDCP officials told us that they believed that the initial eligibility screening conducted in a previous year was sufficient for the 4 remaining fiscal years. However, the Drug-Free Communities Support Program’s statutory framework requires that all coalitions meet each of the statutory eligibility requirements each fiscal year to be eligible to receive an initial grant or a renewal grant. As a result of ONDCP’s policy in fiscal year 2006, all of the renewal grant applicants that received renewal grants did so without ONDCP determining whether these applicants satisfied the statutory eligibility criteria for that fiscal year.

ONDCP and SAMHSA's Grant-Making Process Was Hindered by a Lack of Defined Roles and Responsibilities and Written Policies and Procedures

ONDCP and SAMHSA experienced collaboration challenges, which contributed to the irregularities we identified for fiscal years 2005 and 2006. In October 2005, we identified leading practices that can be used to help enhance and sustain collaboration in instances where multiple agencies have shared responsibility for a program or function. These practices include, among other things, establishing mutually reinforcing or joint strategies, agreeing on roles and responsibilities, and establishing compatible policies, procedures, and other means to operate across agency boundaries.⁴¹ Lack of fully defined roles and responsibilities and documented procedures to follow for eligibility screening hampered the efforts of ONDCP and SAMHSA to effectively manage the grant-making process.

As we reported in our prior work, collaborating agencies need to establish strategies that work in concert with those of their partners, which can help in aligning partner agencies' activities, core processes, and resources to accomplish a common outcome.⁴² In fiscal years 2005 and 2006, ONDCP and SAMHSA signed inter-agency agreements, which were intended to provide a strategy for managing the grant-making process. Further, as reflected in the legislative history of the Drug-Free Communities Act of 1997, the Administrator of the program would use the terms of the inter-agency agreement to oversee the program and ensure that it is operated and grants are awarded in accordance with the policies and criteria established for the program.⁴³

In June 2006, we reported that the use of inter-agency agreements requires, among other things, that the issuing agency define roles and responsibilities for managing the program.⁴⁴ However, the inter-agency agreement for fiscal year 2005 did not fully articulate roles and responsibilities for ONDCP's management of SAMHSA, such as the role of SAMHSA in screening renewal grant applicants for eligibility, and for the grant program overall. Therefore, in fiscal year 2005, confusion occurred over the extent to which eligibility screening had taken place, resulting in ONDCP implementing its separate screening process.

⁴¹ GAO-06-15.

⁴² GAO-06-15.

⁴³ H.R. Rep. No. 105-105, pt. 1, at 18 (1997).

⁴⁴ GAO-06-404.

Furthermore, procedures governing the grant-making process were not fully documented for the two agencies, as called for by internal control standards for the federal government, to operationalize SAMHSA's tasks. The inter-agency agreement for fiscal year 2005 states that SAMHSA is responsible for tasks in several broad areas, including issuing the notice of funding, the application renewal process for renewal grantees, and making decisions jointly with ONDCP regarding the selection of grantees and the awarding of initial grantees and renewal awards. However, the inter-agency agreement did not specify what guidance SAMHSA was to follow with respect to screening renewal grant applicants for eligibility. For example, in the absence of detailed information on how ONDCP and SAMHSA would screen initial and renewal grant applicants, SAMHSA officials said they relied on established HHS grant guidance to determine how and when activities such as eligibility screening were to be performed. The inter-agency agreement also did not discuss how ONDCP and SAMHSA would agree upon the policies to be followed in the grant-making process and how those policies would be documented. In addition, ONDCP officials reported that they believed that SAMHSA had agreed to conduct the eligibility screening, and when SAMHSA did not produce its screening sheets, ONDCP officials said they could not be certain that SAMHSA had conducted the eligibility screening. Without formal, written policies and procedures both agencies experienced confusion over what steps would be followed to manage the program.

ONDCP Has Taken Steps to Better Manage the Grant-Making Process, but These Efforts Can Be Strengthened

Since fiscal year 2006, ONDCP has taken steps to strengthen its management of the grant-making process by establishing senior-level management groups to address collaboration and monitoring issues, eliminating its use of the direct services eligibility criterion in response to reauthorizing legislation, and clarifying grant program roles and responsibilities. However, effective oversight is still lacking because ONDCP has neither developed nor documented its approach to monitoring and overseeing the program as a whole. Furthermore, roles and responsibilities for managing the program continue to remain fully undefined, including the appropriate role of the program Administrator. The ONDCP Reauthorization Act of 2006 prohibited the Director of ONDCP from imposing any eligibility criteria on initial applicants or renewal grantees not included in the statute. In response, ONDCP changed certain procedures for fiscal year 2007 but has not changed its procedures to ensure that renewal grant applicants are screened for statutory eligibility.

Lack of Ongoing Monitoring, Documentation Problems, and Undefined Roles and Responsibilities Remain Challenges for the Grant-Making Process

In response to our inquiries about what steps have been taken to monitor and oversee the grant program since fiscal year 2005, senior ONDCP officials told us that they have taken action to clarify monitoring roles and responsibilities and improve related documentation. However, effective oversight is still lacking because ONDCP has neither developed nor documented its approach to monitoring and overseeing the program as a whole. According to ONDCP officials, to address long-term strategic issues involving, among other things, monitoring activities, various senior-level management groups have been established, at least one of which meets every 4 to 6 weeks to address collaboration and monitoring issues. These officials said that no charter or mission statements were developed for these meetings, and officials were unable to provide us with information on any specific outcomes or policy changes that have occurred to enhance oversight of the program. The fiscal year 2007 inter-agency agreement includes a brief statement that SAMHSA is to provide a monthly report on high-risk grantees to ONDCP for, in their view, “the effective oversight” of the program, but no other program monitoring and oversight information is specifically discussed. Without defined oversight activities for ensuring successful completion of the work across all activities, ONDCP lacks reasonable assurance that required tasks are being performed in accordance with its directives.

ONDCP officials acknowledged that they were aware that grant file documentation was missing during fiscal years 2005 and 2006. However, as of fiscal year 2007, ONDCP had not yet put in place mechanisms to ensure that documentation of eligibility screening were included in grant files, as called for by internal control standards.⁴⁵ Nor had ONDCP amended the eligibility screening sheets for fiscal year 2007 to capture all the statutory eligibility criteria. Without ensuring that screening sheets contain all the required statutory eligibility criteria, ONDCP increased its risk that grantees were not statutorily eligible to receive grants.

ONDCP and SAMHSA have taken steps to clarify their respective roles and responsibilities for handling program administration and coordination issues in their fiscal year 2007 inter-agency agreement. For example, whereas the inter-agency agreement for fiscal year 2005 did not delineate roles and responsibilities for administering the grant-making process, the inter-agency agreement written for fiscal year 2007 provides additional information. Specifically, the fiscal year 2007 agreement includes a new

⁴⁵ GAO/AIMD-00-21.3.1.

attachment describing ONDCP's role and responsibilities for the program. The fiscal year 2007 inter-agency agreement states, for example, that ONDCP will convene "cooperative partners" meetings with the Center for Substance Abuse Prevention to enhance program coordination and collaboration. Further, the inter-agency agreement states that SAMHSA would provide certain services in connection with the awarding of grants in accordance with policies and procedures agreed upon by ONDCP and SAMHSA. However, all of these policies and procedures that ONDCP and SAMHSA agreed to are not documented in the inter-agency agreement or in other documentation. For example, the agreement states that ONDCP and SAMHSA shall agree on terms of the programmatic and budget review prior to reviewing renewal applications and that ONDCP shall make final funding decisions for these grants. However, the fiscal year 2007 agreement does not specify what the programmatic and budget review processes are and when they should be completed and by which agency.

While efforts to clarify how the grant program is to be administered and the designation of the Director of ONDCP as responsible for making final funding decisions represents a step in the right direction, the Administrator's role is still not specified in the inter-agency agreement. As noted earlier, the Administrator's role is defined by statute as the entity that generally carries out the grant program. While the fiscal year 2007 agreement states that the Director of ONDCP will make final funding decisions, the role of the Administrator is not specifically identified, described, or defined in the inter-agency agreement. Leading practices for collaborating agencies state that agreement on roles and responsibilities is a necessary element for a collaborative working relationship.⁴⁶ Because the Administrator is responsible for generally carrying out the grant program, it is particularly important that the agencies agree upon and document what this leadership role entails. Without doing so, confusion over managing the program could continue to occur.

⁴⁶ GAO-06-15.

Despite ONDCP's Elimination of Certain Eligibility Criterion in Response to Reauthorizing Legislation, ONDCP Did Not Screen Renewal Grantees for Statutory Eligibility

In response to congressional concerns and complaints from renewal grant applicants that were not funded in fiscal year 2005, the ONDCP Reauthorization Act of 2006 prohibited the Director of ONDCP from imposing any eligibility criteria on initial applicants or renewal grantees not included in the statute.⁴⁷ ONDCP officials said that, as a result of the prohibition in the reauthorizing act, they eliminated their use of the 20 percent direct services eligibility criterion for fiscal year 2007. Moreover, the fiscal year 2007 inter-agency agreement no longer contains the 20 percent direct services criterion, consistent with the reauthorization act. Instead, ONDCP officials stated that they take direct services into account as part of the overall evaluation of an application during the peer review process.

Nonetheless, ONDCP continues to not screen renewal grant applicants for statutory eligibility. As stated earlier in this report, by statute, to be eligible to receive a renewal grant, a coalition shall meet all of the statutory eligibility criteria. However, ONDCP officials stated that they consider the initial screening they conduct to be sufficient for the remaining 4 years for renewal grantees.⁴⁸ In fiscal year 2007, renewal grant applicants were not required to submit any supporting documentation (e.g., proof of eligible coalition members) to verify that they met all the statutory eligibility criteria nor were they screened for statutory eligibility. ONDCP's approach does not take into account that a coalition's eligibility status could change from one fiscal year to another if, for example, representatives from the different sectors in fiscal year 2006 left the coalition in fiscal year 2007 and were not replaced. ONDCP's decision to not screen renewal grant applicants for eligibility in fiscal year 2007 raises questions about whether the agency could provide reasonable assurance that participating coalitions remain statutorily eligible. ONDCP officials told us that the eligibility criteria that were missing from the eligibility screening sheets (e.g., whether an applicant had described and documented the nature and extent of the substance abuse problem in the community) are not used during the eligibility process, but rather are considered during the peer review process. However, these criteria are intended to be used to determine statutory eligibility for grant funds. According to ONDCP's practices, peer reviewers do not typically determine eligibility; they

⁴⁷Pub. L. No. 109-469, § 804, 102 Stat. 3502, 3535.

⁴⁸According to ONDCP, all initial grant applicants were screened for statutory eligibility in fiscal year 2007. However, it is beyond the scope of our work to independently verify whether this has occurred and been documented.

examine only eligible applications for an application's strength. Without ensuring that all statutory eligibility criteria were met, ONDCP cannot be certain that all funded grant applicants were eligible.

Conclusions

For fiscal years 2005 and 2006, ONDCP and SAMHSA did not adhere to key federal internal controls standards in the federal government and did not meet all statutory requirements in administering the Drug-Free Communities Support grant program. ONDCP has been unable to show that only eligible coalitions received grants in accordance with the Drug-Free Communities Support Program's statutory framework. In particular, because ONDCP has decided not to conduct eligibility screening each fiscal year for renewal grant applicants, it is unable to ensure that these coalitions remain eligible for their duration in the program, consistent with statutory requirements. Without well-functioning internal controls, such as maintaining grant documentation and conducting on-going monitoring, ONDCP cannot demonstrate consistent implementation of the key steps required in the grant-making process—notably, the screening of grantees to determine their eligibility—to Congress, grant-seeking applicants, and the public at large. Such lack of assurance raises questions about whether public resources are properly safeguarded.

ONDCP took steps following fiscal year 2006 to enhance its administration of the grant program, such as informing applicants of changes in its eligibility screening processes and revising its procedures to address internal control and other deficiencies. However, ongoing weaknesses in the monitoring and oversight of the program mean it may not be possible to ensure that all appropriate guidance and policies are being met or communicated to grant applicants. And while ONDCP and SAMHSA have made an effort to define roles and responsibilities in the fiscal year 2007 inter-agency agreement, important functions, such as the leadership role of the Administrator, remain unaddressed. Without fully defined and agreed upon roles and responsibilities, the agencies may not be able to avoid miscommunication and lack of collaboration over the grant-making process in the future.

Recommendations for Executive Action

To strengthen its administration, oversight, and internal controls for the Drug-Free Communities Support Program, we recommend that the Director of the Office of National Drug Control Policy take the following three actions:

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1. Develop and document its approach to monitoring and overseeing SAMHSA and the program as a whole.
 2. Ensure that the coalitions receiving an initial grant or a renewal grant satisfy all of the statutory eligibility criteria for each fiscal year and that this is fully documented.
 3. Fully define the roles and responsibilities of SAMHSA and ONDCP, including those of the Drug-Free Communities Support Program Administrator, in the inter-agency agreement prepared for each fiscal year.

Agency Comments and Our Evaluation

We provided a draft of this report to ONDCP, HHS, and DOJ for review and comment. ONDCP and HHS provided written comments, which are summarized below and included in their entirety in appendixes III and IV, respectively. In addition, ONDCP and DOJ provided technical comments, which we incorporated as appropriate.

In commenting on the draft report, the Director of ONDCP described the efforts it has underway or planned to address our recommendations. Although these actions are intended to strengthen the management of the grant review process, based on the ONDCP Director's response, additional efforts could help ensure that our recommendations are fully implemented, as discussed below.

Regarding our first recommendation on developing and documenting an approach to program monitoring and oversight, the Director noted that ONDCP has added more detail in the inter-agency agreement on the roles and responsibilities of ONDCP and SAMHSA and created and implemented a policy manual for the program, which was implemented in 2007. However, our analysis of ONDCP's policy manual showed that it does not include information on whether and how ONDCP will conduct oversight and monitoring. The Director also stated that ONDCP has documentation of minutes and activities that take place at their monthly interagency management meetings. During our review, we repeatedly requested these minutes but ONDCP officials said that no formal minutes were developed or maintained and did not provide them. However, we have modified the report to delete the statement that minutes were not available. We continue to believe that this recommendation remains valid because, without defined oversight activities for ensuring successful completion of the work across all activities, ONDCP increases its risk that it cannot

provide reasonable assurance that required tasks are being performed in accordance with its directives.

Concerning our second recommendation that ONDCP ensure that the coalitions receiving an initial grant or a renewal grant satisfy all of the statutory eligibility criteria for each fiscal year and that these decisions are fully documented, the ONDCP Director noted that they have taken steps to ensure that all renewal applicants are screened for eligibility, consistent with our recommendation, and documentation related to screening applicants is maintained in grant files. However, the ONDCP Director took issue with our position that all statutory eligibility requirements should be included on the screening sheets used to document application reviews. The Director said that the initial joint review by ONDCP and SAMHSA staff, combined with the application review and scoring process conducted during peer reviews, effectively ensure that applications recommended for funding meet statutory eligibility requirements. However, we continue to maintain that including all statutory eligibility requirements on the screening sheets could increase ONDCP's assurance that all funded applicants are statutorily eligible and that these decisions are fully documented.

Regarding the third recommendation on clearly defining roles and responsibilities, the ONDCP Director noted that ONDCP plans to add additional details to the inter-agency agreement on the role of the Drug-Free Communities Support Program Administrator.

The ONDCP Director commented on some of the data we presented in this report. Specifically, the Director expressed concern that we were unable to accurately identify the number of applications for fiscal years 2005 and fiscal years 2006, noting that ONDCP had provided us with spreadsheets that identified the number of applications received and their disposition. During our review, we worked continuously with ONDCP officials in an effort to obtain accurate data on the number of applications received. Nonetheless, we were unable to do so because, despite our numerous attempts, we could not resolve inconsistencies in the information ONDCP provided over the course of our review, causing us to question its accuracy. However, we believe that the numbers we present on grant applications are sufficient to illustrate orders of magnitude. We revised our scope and methodology discussion in appendix I to explain the efforts we took to obtain the most accurate information available from ONDCP.

Moreover, the Director took issue with our presentation of ONDCP's data in figure 4, which showed that ONDCP excluded approximately 190 initial applicants in fiscal year 2005 from the possibility of being funded without being screened for statutory eligibility. He indicated that by doing so ONDCP would have incurred an unnecessary expenditure of taxpayer dollars to review applications which fell below the funding threshold (range of peer review scores for which applicants are awarded funding). We agree that taxpayer dollars should not be expended unnecessarily. However, we disagree that figure 4 conveys the point the director is asserting; rather, our analysis of ONDCP's data shows that some of these approximately 190 initial applicants had peer review scores above the funding threshold and were excluded on the basis of one or more of the other criteria in the separate screening process.

The Assistant Secretary for Legislation at HHS also commented on a draft of this report. Specifically, he described actions that SAMHSA has taken, in partnership with ONDCP, to strengthen internal controls and management of the DFC grant program. For example, the Assistant Secretary said that program information has been consolidated into the SAMHSA Drug-Free Communities Support Program Operations Manual, SAMHSA and ONDCP officials are meeting monthly to enhance inter-agency coordination, and SAMHSA and ONDCP are currently jointly screening applications for statutory eligibility and SAMHSA retains the screening checklists.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will send copies of this report to the Director of the Office of National Drug Control Policy, the Secretary of the Department of Health and Human Services, the Attorney General of the Department of Justice, and interested congressional committees. We will also make copies to others upon request. In addition, the report is available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff members have any questions regarding this report or would like to discuss it further, please contact me at (202) 512-6806 or by email at goldenkoffr@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix V.

A handwritten signature in black ink, appearing to read "Robert Goldenkoff".

Robert N. Goldenkoff
Director, Strategic Issues

Appendix I: Scope and Methodology

To examine the extent to which Office of National Drug Control Policy (ONDCP) and the Substance Abuse and Mental Health Services Administration (SAMHSA) conducted its screening and grant-related activities for the Drug-Free Communities Support Program in accordance with standards for internal control in the federal government,¹ established laws, and leading practices for collaborating agencies, we reviewed available program documents, including, but not limited to, the Request for Applications funding announcements; the inter-agency agreements between ONDCP and SAMHSA, and the documented outcomes of specific review activities and recommendations for grant funding decisions. We compared ONDCP's and SAMHSA's grant-related activities in fiscal years 2005 through 2007 with criteria in GAO's *Standards for Internal Control in the Federal Government*. These standards, issued pursuant to the requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA), provide the overall framework for establishing and maintaining internal control in the federal government. Also pursuant to FMFIA, the Office of Management and Budget (OMB) issued Circular A-123, revised December 21, 2004, to provide the specific requirements for assessing the reporting on internal controls. Internal controls and the definition of internal control in OMB Circular A-123 are based on GAO's *Standards for Internal Control in the Federal Government*. We also considered our prior work on results-oriented government related to leading practices for federal collaboration as well as leading practices for awarding grants.² In addition, we compared ONDCP and SAMHSA's grant related activities in fiscal years 2005 through 2007 with statutory criteria included in the Drug-Free Communities Act of 1997,³ the Drug-Free Communities Support Program Reauthorization Act of 2001,⁴ and the Office of National Drug Control Policy Reauthorization Act of 2006.⁵ Further, to determine whether ONDCP and SAMHSA had documented eligibility screening, we reviewed grant applications for fiscal years 2005 and 2006. We did not review all available applications because this was not practical. Instead, we attempted to select probability samples of applications to review; this

¹GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

²GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

³Pub. L. No. 105-20, 111 Stat. 224.

⁴Pub. L. No. 107-82, 115 Stat. 814.

⁵Pub. L. No. 109-469, 120 Stat. 3502.

would have allowed us to generalize the results to all of the fiscal year 2005 and 2006 applications (about 990 and over 700, respectively, for a total of about 1,690). However, because ONDCP and SAMHSA were unable to provide accurate counts of the total numbers of applications in either year, we were unable to do so. We made numerous attempts to resolve inconsistencies in the information ONDCP provided over the course of our review, which caused us to question its accuracy. Consequently, we reviewed systematic random samples of available funded and unfunded applications for these years.⁶ For fiscal year 2005, we reviewed 20 funded, initial applications and 21 funded, renewal applications, 30 unfunded, initial applications, and 20 unfunded, renewal applications.⁷ For fiscal year 2006, we reviewed 25 funded, initial applications and 10 unfunded, initial applications. Although the applications we reviewed for both fiscal years were randomly selected, because the applications were not representative of all applications in either year we cannot generalize the results to the larger populations of fiscal year 2005 or 2006 applicants. Even so, our review of these 126 grant applications provided us with perspective on how ONDCP and SAMHSA handled these applications. Additionally, because accurate counts of the total numbers of applications in fiscal years 2005 and 2006 were not available, we provide approximate numbers of applications to illustrate orders of magnitude.

In addition to our review of documents and grant files described above, we interviewed key staff at ONDCP and SAMHSA about how they conducted and documented grant-related activities since 2006. While our discussions with the agency officials from ONDCP and SAMHSA focused on the agencies' review methods and funding decisions implemented in fiscal years 2005 and 2006, we also obtained information for fiscal year 2007 wherever possible to provide the most current information on the program. We did not review the fiscal year 2008 grant-making process because the process was underway during our review and the results of the process were not yet available.

We conducted this performance audit from July 2006 through July 2008 in accordance with generally accepted government auditing standards. Those

⁶A systematic random sample is when the population is listed in some order and every kth element is selected for the sample (e.g., every 10th grant application). A random start is used to select the initial element, or starting point, for the sample.

⁷Our methodology involved reviewing a minimum number of grant application files. We reviewed additional files to enhance our sample.

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.

Appendix II: Timeline of Key Events for Drug-Free Communities Support Program, Fiscal Year 2005

This appendix presents a timeline of key events for the Drug-Free Communities Support Program in fiscal year 2005.

Figure 5: Timeline of Key Events for Drug-Free Communities Support Program, Fiscal Year 2005

Fiscal year	
2004	◀ October: ONDCP transfers Drug-Free Communities Support Program from OJJDP to SAMHSA.
2005	◀ March-April: Initial and renewal applications due. ◀ April-May: SAMHSA sends initial and renewal applications to peer review. ◀ May-July: SAMHSA receives peer review scores for all applications. ◀ May: SAMHSA hires contractor to calculate 20 percent direct services scores for renewal applications. ONDCP asks contractor to also calculate scores for initial applications. ◀ August: SAMHSA delivers to ONDCP 20 percent direct services scores for all applications. ◀ August: ONDCP has concerns about SAMHSA's screening process and whether all applicants were screened for eligibility prior to SAMHSA sending nearly all applications to peer review. ONDCP said SAMHSA could not provide its screening sheets. ◀ August: ONDCP implements its own screening process. ONDCP screens some applications for statutory eligibility. ◀ August: ONDCP announces its fiscal year 2005 grantees. More renewal applicants were denied funding than in past years.
2006	◀ January: Renewal applicants that were denied funding raise concerns to Congress about the fiscal year 2005 application review process and funding decisions. ◀ February-March: In response to applicants' concerns, ONDCP rechecks its decisions for renewal applications that were denied funding. ONDCP funds several of these applications.

Legend

- ONDCP Office of National Drug Control Policy
OJJDP Office of Juvenile Justice and Delinquency Prevention
SAMHSA Substance Abuse and Mental Health Services Administration

Source: Based on information provided to GAO by ONDCP and SAMHSA.

Appendix III: Comments from the Office of National Drug Control Policy



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

July 11, 2008

Mr. Gene L. Dodaro
Acting Comptroller General
Government Accountability Office
411 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

I have received and reviewed your draft report of the Drug Free Communities (DFC) Support Program. While I appreciate the time and energy your staff has put forth examining DFC, much has changed about our oversight and management of this Program since GAO initiated its inquiry two years ago. In reading the draft findings, I find that many of the issues GAO identified that led to the challenges faced in FY2005 have long ago been corrected in our partnership with the Substance Abuse and Mental Health Services Administration (SAMHSA).

GAO's draft document identifies three primary recommendations that the examiners feel will help improve the internal controls and management of the DFC program. I am pleased to share with you, as my staff has done during frequent interaction with GAO staff over the last several years, that ONDCP and SAMHSA have fully implemented changes that resolve GAO's concerns as outlined in the report. Our responses to your recommendations are as follows:

1. Monitor and Oversight Documentation – in the time since GAO began its review of DFC, we have added extensive details about the roles and responsibilities of both ONDCP and SAMHSA to our annual Interagency Agreement (IAA) as a result of the lessons learned in the FY2005 process. Those details include specific job duties for Government Project Officers and Grants Management Officers at SAMHSA as well as more clearly defining the authority of the DFC Administrator at ONDCP. Additionally, in partnership with SAMHSA we have created and implemented a policy manual for the management of the program which was implemented in FY2007 and provided to you during your review of DFC. Additionally, we have documentation of the minutes and activities that take place at our monthly interagency management meeting for DFC, and can document changes to policy and practice that have resulted from this increased collaboration.
2. Eligibility Requirements – as GAO learned during its review of DFC, the start of the problems that occurred in the FY2005 process are traced back to our inability to ensure that grant applications had been screened for eligibility. It was for that reason that ONDCP conducted the screening in FY05.

**Appendix III: Comments from the Office of
National Drug Control Policy**

Mr. Gene L. Dodaro
Drug Free Communities Response, Page 2 of 3

Since that time, ONDCP has taken progressive steps each year to ensure that applicants are screened for eligibility and that screening documentation remains in the SAMHSA master grant file, with a copy kept in the control of the DFC Administrator at ONDCP. In addition to being able to document the eligibility screening process used for FY2007 and FY2008 new applicants, we are, consistent with your findings, now also screening all Renewal Grant Applicants (non-competing in years 2-5 and 7-10 of the program) for eligibility. SAMHSA is maintaining documentation of this screening in the SAMHSA master grant file.

3. Roles and Responsibilities – because we believe the role of Administrator for DFC is clearly defined in the statute, we had not previously restated that information or descriptive details in our management documents with SAMHSA. As the result of your input, we will add additional details as to the role of the Administrator to the already expanded IAA descriptions for other key staff and for our two agencies as a whole.

While I believe that ONDCP and SAMHSA have effectively addressed each of the three recommendations GAO made in the report, we will continue to look for ways to use this document to help strengthen those oversights and management tools. Additionally, I need to correct and clarify for the record several of the points you made in your document.

First, I am disturbed that you report in your findings that you were unable to accurately identify the number of applications received by the program in FY2005 and FY2006. ONDCP has provided GAO spreadsheets from both of those years (and FY2007 as well) that clearly identify the number of applications received and the disposition of each. We concur with your finding that the FY2005 master grant files do not contain evidence of the statutory eligibility screening process, which is why ONDCP stepped in to take a more hands-on approach that year. While ONDCP now provides clear and explicit instructions to SAMHSA with regards to the management of the grant files, we began to manage parallel documentation related to the new applicant eligibility screening process at ONDCP beginning in FY2007 and each succeeding cycle to ensure that the program complies with Congressional intent on the issue of eligibility assurance. Consistent with GAO's findings, ONDCP and SAMHSA have also begun screening all Renewal Grant Applications (non-competing) beginning with the FY2008 cycle, and SAMHSA is maintaining documentation of that effort in the master grant files.

GAO also indicated in the report concerns about the eligibility sheets used by ONDCP and SAMHSA to screen initial applicants for statutory eligibility. As ONDCP staff outlined for GAO during the interview process, ONDCP and SAMHSA have created a two-stage process that combines the involvement of ONDCP and SAMHSA staff in the eligibility review process, along with that of independent peer reviewers who are doing drug prevention work in community coalitions across the country. We believe that the initial joint review by ONDCP and SAMHSA staff, combined with the application review and scoring process conducted during the field review, effectively ensure that applications recommended for funding meet the eligibility standards defined in the Drug Free Communities Act.

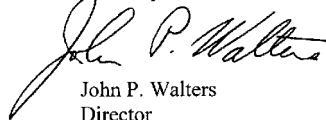
**Appendix III: Comments from the Office of
National Drug Control Policy**

Mr. Gene L. Dodaro
Drug Free Communities Response, Page 3 of 3

Finally, as pertaining to the statutory eligibility process, GAO appears to advocate in Figure 4 of the report that GAO believes ONDCP and SAMHSA should have spent government resources reviewing the 190 grants that were not reviewed for statutory eligibility despite the fact they fell well below the fundable score range for FY2005. I do not believe it is prudent to expend tax dollars reviewing grants for eligibility that have scored below the funding threshold and will not receive a grant regardless of statutory eligibility.

I am very pleased with the progress we have made in the three funding cycles since FY2005. We have not only improved our oversight of DFC, we have also improved our support of our grantees' efforts to push back against youth drug use in their communities. We have increased the level of detail in our Interagency Agreements to assist both SAMHSA and ONDCP in managing expectations and improving our management of the program. Through our interagency workgroup we have developed and implemented new policies and procedures to strengthen oversight and improve effectiveness. While we have already implemented changes that address the concerns outlined in this document, we will continue to look for ways to reduce the government's risk while improving our grantees' effectiveness, and will use your guidance in these efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. Walters".

John P. Walters
Director

Appendix IV: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

JUL 17 2008

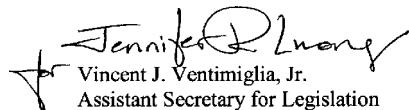
Robert N. Goldenkoff
Director, Strategic Issues
Government Accountability Office
411 G Street, NW
Washington, DC 20548

Dear Mr. Goldenkoff:

Enclosed are the Department's comments on the U.S. Government Accountability Office's (GAO) draft report entitled, "*Drug-Free Communities Support Program: Stronger Internal Controls and Other Actions Needed to Better Manage the Grant-Making Process*" (GAO 08-57).

The Department appreciates the opportunity to review and comment on this report before its publication.

Sincerely,


for Vincent J. Ventimiglia, Jr.
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE U.S. GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT REPORT ENTITLED: "DRUG-FREE COMMUNITIES SUPPORT PROGRAM: STRONGER INTERNAL CONTROLS AND OTHER ACTIONS NEEDED TO BETTER MANAGE THE GRANT-MAKING PROCESS" (GAO 08-57)

The Department supports the Executive Office of the President, Office of National Drug Control Policy (ONDCP) in their role as Drug Free Communities (DFC) Program Administrator. DFC aligns with the clear vision and mission that Substance Abuse and Mental Health Services (SAMHSA) has established in supporting States, local agencies, and individuals in building resilience and capacity for communities at risk of substance abuse. DFC has become a cornerstone in our work in communities across the nation. Both ONDCP and SAMHSA have worked together to tightly manage the DFC grant program.

In responding to the GAO report, the Department is pleased to report that significant progress continues to be made in cooperation with ONDCP. SAMHSA has historically maintained internal controls that include detailed policies and procedures for managing large grant programs. This information was adapted to meet the special needs of the DFC Program.

- **Internal Controls for DFC Management:** The DFC information is now consolidated into the SAMHSA DFC Operations Manual. Content is updated as ONDCP and SAMHSA work closely on key policy and program tools and resources in order to effectively manage the DFC grant program. The manual consists of a base document of roles and responsibilities for ONDCP and across SAMHSA; a detailed annual grant work plan with timelines; Inter-Agency Agreement and amendments; grant management policy materials and tools; grant review materials and peer review processes; program site visit and technical assistance protocols; and Freedom of Information procedures for coordination with ONDCP.
- **Inter-Agency Coordination:** SAMHSA holds DFC policy management meetings weekly in order to plan across SAMHSA, track Inter-Agency Agreement deliverables for ONDCP, and address any barriers in successfully completing the work. Participants are from key leadership across SAMHSA. As the DFC Administrator, ONDCP participates in an official joint meeting the first Monday of each month, makes recommendations for agenda topics, and approves the meeting summary, an official record of the meeting. ONDCP and SAMHSA's Center for Substance Abuse Prevention also hold monthly program meetings with DFC program managers and project officers and grant specialists.
- **Statutory Eligibility Screening:** SAMHSA and ONDCP now jointly screens DFC standard applications for statutory eligibility and SAMHSA retains the screening checklists in an agreed upon location. If an application is funded, then the checklist is retained in their official grant file. Unfunded applicant screening sheets are retained for 1 year by SAMHSA's Office of Grant Review.

- **Appeals Process for Grantee:** ONDCP and SAMHSA have developed and implemented a “Progressive Discipline and Appeals Process” that is being widely disseminated to grant recipients. Through a Memorandum of Understanding with the HHS Departmental Appeals Board, grant recipients have appeals right for both grant suspensions and terminations, a change in SAMHSA policy.

These steps are illustrative of strategies that have improved internal controls and management of the DFC program within SAMHSA and in our partnership with ONDCP.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Robert N. Goldenkoff, (202) 512-6806 or goldenkoffr@gao.gov

Staff Acknowledgments

In addition to the contact named above, key contributors to this report were Glenn G. Davis, Assistant Director, Lisa G. Shibata, David P. Alexander, Duren Banks, Amy Bernstein, Randall J. Cole, Willie Commons III, Daniel S. Kaneshiro, Alison Martin, Linda S. Miller, Jan B. Montgomery, Raymond J. Rodriguez, and Adam Vogt.

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