

REVIEW OF SBA'S ACCOUNTING OF FY 2009 DRUG
CONTROL FUNDS AND PERFORMANCE SUMMARY REPORT

Report Number: 10-09
Date Issued: February 26, 2010



U.S. Small Business Administration
Office Inspector General

Memorandum

To: Antonio Doss
Office of Small Business Development Centers
/S/ original signed

From: Debra S. Ritt
Assistant Inspector General for Auditing

Subject: Review of SBA's *Accounting of Drug Control Funds and Performance Summary Report*

Date: February 26, 2010

This report presents the results of our review of the Small Business Administration's (SBA) *Accounting of Drug Control Funds and Performance Summary Report* for the year ended September 30, 2009, as required by 21 U.S.C §1704(d). As directed by the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*,¹ agencies are required annually to provide a detailed accounting of all funds expended on National Drug Control Program activities and the results associated with those activities. However, when drug-related obligations are less than \$50 million and a detailed accounting would constitute an unreasonable burden, ONDCP permits agencies to submit an alternative report, as long as it is accompanied by Agency and Office of Inspector General statements that full compliance with the circular would constitute an unreasonable burden.

Because SBA's fiscal year (FY) 2009 drug-related obligations were less than \$50 million, SBA submitted an alternative report for FY 2009. We (1) assessed whether providing a detailed accounting of funds expended on National Drug Control Program activities would constitute an unreasonable burden, and (2) reviewed SBA's report and related management assertions to determine the reliability of management assertions made in SBA's *Annual Accounting of Drug Control Funds Report*.

We reviewed accounting entries for the Drug-Free Work Place (DFWP) made by the Chief Financial Officer, FY 2009 DFWP grant documents, and grantee self-reported performance data used to support SBA's *Accounting of Drug Control*

¹ Issued May 1, 2007.

Funds and Performance Summary Report. We wish to note that the FY 2009 performance data reported by SBA is based on information submitted by grantees that was not verified by SBA to determine whether it was accurate, complete and unbiased. However, the Agency properly disclosed that it relied on the honesty and integrity of grantees to ensure that performance data was accurate, complete and unbiased in presentation and substance. We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because a review is substantially less in scope than an examination, and does not provide an adequate basis from which to express an opinion on SBA's *Accounting of Drug Control Funds and Performance Summary Report*, accordingly, we do not express such an opinion.

Based on our review, we believe that full compliance with the ONDCP circular would constitute an unreasonable burden for SBA. Also, nothing came to our attention that caused us to believe that SBA's alternative report for the year ended September 30, 2009 is not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting*.

A copy of SBA's *Accounting of Drug Control Funds and Performance Summary Report* is attached. Should you or your staff have any questions, please contact Jeffrey R. Brindle, Director, Information Technology and Financial Management Group at (202) 205- [FOIA ex. 2]

Attachment



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

FEB 25 2010

Mr. Jon Rice
Associate Director for Performance and Budget
Office of National Drug Control Policy
750 17th St., NW
5th Floor
Washington, DC 20503

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy's Drug Control Accounting Circular, the Small Business Administration submits its Accounting of FY 2009 Drug Control Funds and Performance Summary Report with the accompanying IG authentication.

If you have any additional questions or comments, please call me directly.

Sincerely yours,

[FOIA ex. 6]

Antonio Doss
Director, Office of Small Business Development Centers

Enclosure

I. PERFORMANCE INFORMATION

MEASURE 1: Number of Small Businesses Educated

Table 1¹

FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual
2,731	2,280	1,450	1,550

- (a) Describe the measure. This measure reflects the number of small businesses that were educated by a Drug Free Workplace grantee. A purpose of the program is to educate as many small businesses as possible to make them aware of the benefits of implementing a drug free workplace program for their business. If a business implements a DFWP program, it is believed that there will be a decrease in absenteeism, workplace accidents, tardiness, damaged or stolen property and insurance premiums. It is also believed that productivity and morale will increase. The information is collected directly from the grantees. The grantees input their data into a database created just for this program.
- (b) In 2007, the program started to collect outcome information on the following metrics from businesses that had a change in:

Employee Behaviors Improved:	Business Costs Decreased:
Absenteeism	Insurance Premiums
Tardiness	Damaged or stolen Property costs
Workplace Accidents	Productivity
Employee Turnover	

In Fiscal Year 2007 and 2008, the outcome information was collected and analyzed to determine the effects that the implementation of a Drug Free Workplace program has on small businesses. It showed that after the implementation of a Drug Free Workplace program a small business saw a

¹ While not required, ONDCP recommends agencies develop a graph to accompany information contained in the table.

decrease in absenteeism, workplace accidents, employee turnover, damaged or stolen property and insurance premiums. Also, the small business saw an increase in productivity. Since this information was the first ever collected, it is possible that the results will not yield the expected outcomes long term.

In FY 2009, after implementation of a drug free workplace program, the small businesses reported no increases in insurance premiums and damaged or stolen property. Additionally, there was a decrease in the categories of employee turnover, absenteeism, insurance premiums, damaged or stolen property and workplace accidents. Further, the results show that productivity increased as we expected.

- (c) The goal for FY 2009 is lower because we have three new grantees who will need time to implement the program. The agency determines the goals based on the number of grantees and whether previous goals were reached.
- (d) The agency depends on the honesty and integrity of the DFWP grantees to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance.

MEASURE 2: Number of DFWPs Implemented

Table 2²

FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual
453	363	165	375

- (a) Describe the measure. This measure reflects the number of small businesses that implemented a whole or partial Drug Free Workplace Program. A purpose of the program is to encourage as many small businesses as possible to implement a drug free workplace program for their business. If a business implements a DFWP program, it is believed that there will be a decrease in absenteeism, workplace accidents, tardiness, damaged or stolen property and insurance premiums. It is also believed that productivity and moral will increase. The information is collected directly from the grantees. The grantees input their data into a database created just for this program.
- (b) The actual goal of 2009 was underestimated because the number of small businesses implementing a drug free workplace program varies widely from year to year due to the fact that the grantees cannot force a

² While not required, ONDCP recommends agencies develop a graph to accompany information contained in the table.

small business to implement such a program. The grantee can only encourage the small business by showing the benefits of the implementation.

- (c) The goal for FY 2010 is 200 which is slightly higher than in FY 2009 in hope that more small businesses will see the benefits of implementing a drug-free workplace program. The agency determines the goals based on the number of grantees and whether previous goals were reached.
- (d) The agency depends on the honesty and integrity of the DFWP grantees to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance.

II. RESOURCE SUMMARY

FY2009
Final BA

Prevention and Education
Drug Free Workplace Grants **\$1M**

Drug Resources Personnel Summary

Total FTEs (direct only) **0**

Information

Total Agency Budget* **\$598,493**
Drug Percentage **0.17%**

**Does not include Disaster Assistance Program or the Office of the Inspector General.*

GRANTEE	DATE	PO AMOUNT
Peer Assistance Services, Inc.	9/24/09	250,000.00
Premier Integrity Solutions, Inc.	8/12/09	250,000.00
Drug Free Idaho	9/22/09	186,576.00
River Region Human Services, Inc.	9/30/09	250,000.00
Worker's Assistance Program	9/24/09	60,000.00
Total		996,576.00

III. MANAGEMENT'S ASSERTIONS

- (1) **Performance reporting system is appropriate and applied** – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.
- (2) **Explanations for not meeting performance targets are reasonable** – Both goals were exceeded in FY 2009. However, it is difficult to predict the number of small business that will implement a DFWP program and the number of small businesses that will want education on a DFWP program since there is no legally binding rule requiring them to do so.
- (3) **Methodology to establish performance targets is reasonable and applied** – The methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.
- (4) **Adequate performance measures exist for all significant drug control activities** - The agency has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6a(1)(A) for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure considers the intended purpose of the National Drug Control Program activity.