



**U.S. Department of the Interior
Office of Inspector General**

AUDIT REPORT

**SPECIAL DRUG REDUCTION FUNDS,
BUREAU OF LAND MANAGEMENT**

**REPORT NO. 99-I-917
SEPTEMBER 1999**

800511



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 30

AUDIT REPORT

Memorandum

To: Assistant Secretary for Land and Minerals Management
Assistant Secretary for Policy, Management and Budget

From: Robert J. Williams *Robert J. Williams*
Assistant Inspector General for Audits

Subject: Audit Report on Special Drug Reduction Funds, Bureau of Land Management
(No. 99-I-917)

INTRODUCTION

This report presents the results of our audit of special drug reduction funds that were provided to the Bureau of Land Management by the Department of the Interior's Office of Managing Risk and Public Safety in fiscal year 1997. We performed this audit at the request of the Office of Managing Risk. The objective of our audit was to determine whether the Bureau properly managed the special funds that were provided for the purpose of reducing illegal methamphetamine¹ production activity in the Bureau's California Desert District. Specifically, the Office of Managing Risk and Public Safety requested that the Office of Inspector General determine the number of arrests and evidence seizures that resulted from the funds and whether the Bureau properly accounted for the funds and provided sufficient oversight of the expenditures.

BACKGROUND

The Bureau of Land Management's California Desert District encompasses more than 10 million acres in southern California and, according to the Bureau, has the largest amount of illegal methamphetamine production in the state. To counter this illegal drug activity, the Bureau and the Office of Managing Risk and Public Safety entered into a reimbursable

¹The Merriam Webster's Collegiate Dictionary, Tenth Edition, defines methamphetamine as a drug used in the medical treatment of obesity but states that it is often used illicitly as a stimulant.

support agreement² in July 1997 in which the Office provided special funds of \$80,000 for the Bureau's Law Enforcement Program to conduct a Methamphetamine Reduction Project³ in the Desert District. The California State Office, which has administrative responsibility for the Desert District, transferred \$40,000 each to the Bureau of Narcotics Enforcement of the State of California's Department of Justice and the Riverside County Sheriff's Department in November 1997 under separate law enforcement agreements, and the cooperating agencies conducted their first drug operations in January 1998 and March 1998, respectively. At the end of our fieldwork in February 1999, the cooperating agencies had expended about \$54,700 (68 percent) of the funds.

The Acting Director, Office of Managing Risk and Public Safety, in his October 27, 1998, request for us to audit the Bureau's management of the funds, said that based on a June 1998 quality control review known as the Law Enforcement Policy Compliance Evaluation, "it appeared that" the funds were not being spent in an appropriate manner. The Acting Director said that the funds "were not expended in accordance with predetermined guidelines" and instead were transferred to the Riverside County Sheriff's Department and the California Bureau of Narcotics Enforcement without advance approval from the Department of the Interior and the Executive Office of the President's Office of National Drug Control Policy.

SCOPE OF AUDIT

Our audit scope included a review of the special drug reduction funds provided in fiscal year 1997 by the Office of Managing Risk and Public Safety. Our audit fieldwork was conducted at the Bureau's California State Office in Sacramento, California, where we interviewed relevant Law Enforcement Program officials and reviewed applicable documents relating to the Methamphetamine Reduction Project, including project plans, agreements, activity reports, billings, expenditures, and correspondence files. In addition, we contacted cognizant officials from the Bureau's California Desert District Office in Riverside, California; the Palm Springs Field Office in Palm Springs, California; and the National Law Enforcement Offices in Washington, D.C., and Boise, Idaho. We also contacted cognizant officials from the Office of Managing Risk and Public Safety in Washington, D.C., and reviewed documents provided by that office.

Our audit was made in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of the audit, we reviewed the internal controls to the extent considered necessary to

²The Office of Management Risk and Public Safety titled the agreement "Reimbursable Support Agreement between the Bureau of Land Management Law Enforcement Office and the Office of the Secretary, Office of Managing Risk and Public Safety."

³ The Office of Managing Risk and Public Safety received special funds of \$320,000 in fiscal year 1997 from the Executive Office of the President's Office of National Drug Control Policy to conduct methamphetamine reduction operations. The Office of Managing Risk and Public Safety transferred \$240,000 to the National Park Service and \$80,000 to the Bureau of Land Management for methamphetamine reduction operations.

accomplish our audit objective. We also reviewed the Secretary's Annual Statements and Reports to the President and the Congress for fiscal years 1993 through 1995, which are required by the Federal Managers' Financial Integrity Act; the Departmental Reports on Accountability for fiscal years 1996 and 1997, which include information required by the Act; and the Bureau's annual assurance statement on management controls for fiscal year 1998. We determined that none of the reported weaknesses were directly related to the objective and scope of this audit.

PRIOR AUDIT COVERAGE

The Office of Inspector General has not issued any audit reports specifically related to the Bureau's drug reduction activities during the past 5 years. However, in September 1998, the General Accounting Office issued the report "Drug Control: Information on High Intensity Drug Trafficking Areas Program" (No. GAO/GGD-98-188), which evaluated the Federal Government's drug-control efforts in geographic areas having a high concentration of illegal drug activities. The report contained no recommendations; however, 2 of the 20 drug trafficking regions identified were within the California Desert Conservation Area, which included the area covered by the Bureau's Methamphetamine Reduction Project. The report found that the Office of National Drug Control Policy satisfactorily implemented the High Intensity Drug Trafficking Program and made progress in evaluating the effectiveness of the Program. The report concluded that interagency cooperation between Federal, state, and local law enforcement agencies was a primary factor in reducing drug trafficking in the United States.

RESULTS OF AUDIT

We found that the Bureau of Land Management's California State Office properly accounted for the special methamphetamine reduction funds and generally used the funds as intended. With approximately two-thirds of the funds expended at the end of our fieldwork, the project had resulted in five arrests for illegal methamphetamine-related incidents, the removal of six methamphetamine laboratories, and the identification of two organizations operating illegal methamphetamine laboratories on public land. The State Office also stated that the increased amount of intelligence data gathered on illegal drug activities on public land should help improve its drug reduction efforts in the future. However, project oversight was not adequate in that the State Office did not prepare operational plans or report its activities to the Office of Managing Risk and Public Safety, as required by the reimbursable support agreement. In addition, the State Office did not retain ownership of equipment purchased under the agreement or enforce budget spending limits for the equipment. The reimbursable support agreement provided general planning, reporting, and spending criteria for the Methamphetamine Reduction Project. However, in our opinion, these deficiencies occurred because the agreement did not clearly specify how frequently progress reports should be submitted to the Office of Managing Risk and Public Safety and did not address the transfer of funds to other law enforcement organizations. Also, adequate communications between the two Departmental agencies were not maintained, and the State Office did not adequately monitor expenditures of the funds under its law enforcement agreements with cooperating

agencies. Although the intended purpose of the reimbursable support agreement did not appear to have been affected, neither the Office of Management Risk and Public Safety nor the Bureau had full assurance that agreement requirements were met. Further, equipment with a total cost of \$21,809 was not procured properly and therefore will not be available for future Bureau drug operations (the monetary impact of the \$21,809 is in Appendix 1).

Project Oversight

The California State Office did perform certain important project oversight functions. For example, knowing that property lines of the California Desert District are often difficult to identify, the State Office ensured that the drug operations were conducted solely on Bureau land by having Bureau law enforcement officers accompany the patrols made by the Riverside County Sheriff's Department and the California Bureau of Narcotics Enforcement. Additional assurance was provided through the use of electronic positioning devices that verified the exact geographic locations of the operations. However, we found that the State Office did not comply with the provisions of the reimbursable support agreement regarding the planning, reporting, and approval of funds for the project.

Planning and Reporting. The Methamphetamine Reduction Project plan, which was incorporated into the reimbursable support agreement between the Bureau and the Office of Managing Risk and Public Safety, required that the State Office prepare a Plan of Operation before the start of each methamphetamine reduction operation and an after action report upon completion of the operation. Both documents were to be approved by the State Office's Special Agent in Charge or designee. These documents were intended to help ensure the effectiveness of the drug operations by requiring a formal review and approval process of the objectives and the anticipated resource requirements, costs, and results. However, we found that the State Office had prepared only one of seven plans of operation,⁴ which represented about 3 percent of the funds expended, and had produced no after action reports. Cognizant State Office officials could not provide a sufficient reason why these documents were not prepared.

The Bureau also did not provide progress reports to the Office of Managing Risk and Public Safety, as required by the reimbursable support agreement. However, the agreement did not specify the frequency of the reports but required that the Bureau provide progress reports "on a regular basis." Moreover, the Office of Managing Risk and Public Safety did not take action to direct the Bureau to provide the reports. We believe that the agreement should have clearly specified each party's reporting responsibilities.

Funding. The reimbursable support agreement stipulated that the Project Coordinator (designated as the Chief of the Bureau's National Law Enforcement Office) determine the amount of funds to be expended by the California State Office for each operation. Although the Project Coordinator approved the general concept of the

⁴ The only plan provided was for "Operation Night Watch," which was conducted with the assistance of the Riverside County Sheriff's Department at a cost of \$1,490.

Methamphetamine Reduction Project as described in the project plan, the Project Coordinator did not determine the amount of funds needed for each operation. Cognizant Bureau officials could not explain why this provision of the agreement was not followed. However, the officials noted that the Bureau's National Law Enforcement Office has no direct line authority over the State Office. In our opinion, this absence of direct line authority negatively impacted the communications between the State Office and the Office of Managing Risk and Public Safety concerning project activities because the Project Coordinator could only advise and not hold the State Office accountable.

Further, the State Office prepared but did not provide the Office of Managing Risk and Public Safety with a plan that explained that the State Office would transfer the special funds to other law enforcement agencies. The State Office's original request of \$162,000 to conduct the Methamphetamine Reduction Project was funded at \$80,000. Accordingly, the State Office prepared a revised plan which explained that the reduced funds would be transferred to cooperating agencies. However, the State Office did not submit the revised plan to the Office of Managing Risk and Public Safety and provided no reason for not submitting the revised plan. Consequently, the Office of Managing Risk and Public Safety was not informed that the funds would be transferred to cooperating agencies. Office officials said that they believed the transfer was not allowable under the reimbursable support agreement without prior approval from the Department.

We found that a contributing factor for the deficiencies in the management of the special funds was a lack of specificity in the reimbursable support agreement. Specifically, the Office of Managing Risk and Public Safety requested this audit in part because the Bureau did not obtain approval before transferring the funds to the Riverside County Sheriff's Department and the California Bureau of Narcotics Enforcement. However, the reimbursable support agreement between the Office and the Bureau neither prohibited the transfer of funds nor required prior approval before transferring the funds.

Administration of Funds

Although we found that the State Office generally used the funds for the project as intended, we found inadequacies in administering the expenditure of funds as follows:

- The State Office allowed the Riverside County Sheriff's Department and the California Bureau of Narcotics Enforcement to retain equipment purchased with the funds. The \$21,809 of equipment consisted of four laptop computers with software and accessories, four Global Positioning System (GPS) receivers, and two video cameras. The reimbursable support agreement did not address the issue of who would retain the equipment purchased under the contract, but we believe that the agreements between the State Office and the cooperating agencies were governed by regulations known as the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. As defined under these regulations (43 CFR 12.43 and 12.73(a)), the equipment purchased with

the special funds would be considered supplies⁵ and title to the supplies vests with the cooperating agency upon acquisition. However, the regulations (43 CFR 12.73(b)) state, "If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share." Because the useful life of this equipment/supplies should extend beyond the period when the Methamphetamine Reduction Project is completed, the equipment could be used by the cooperating agency on other Federally sponsored programs or projects. However, in accordance with the regulations (43 CFR 12.73(b)), if the supplies are not needed for such activities and they are retained by the cooperating agency, the Bureau should be compensated. At the end of our site visit, State Office officials stated that they agreed with our recommendation to purchase equipment in-house under future cooperative agreements and to lend it to cooperating agencies.

- The State Office did not enforce the spending limits contained in the budgets⁶ submitted by the Riverside County Sheriff's Department and the California Bureau of Narcotics Enforcement. Although these budgets were not formally incorporated into the law enforcement agreements with the cooperating agencies, we believe that the Bureau should have enforced the budgets to ensure that the funds were expended as proposed. With approximately two-thirds of the funds spent, the Sheriff's Department had exceeded its budget for computer purchases by \$4,286 (71 percent), supplies by \$499 (17 percent), and helicopter surveillance by \$302 (6 percent). Similarly, the Bureau of Narcotics Enforcement had exceeded its budget for computer purchases by \$2,024 (34 percent). The combined computer and supply purchases for the two law enforcement agencies totaled \$21,809 and represented about 40 percent of the funds expended. As a result, less funds were available for law enforcement personnel to conduct other needed drug operations (see Appendix 2).

- The Bureau's law enforcement agreements with the Riverside County Sheriff's Department and the California Bureau of Narcotics Enforcement expired on September 30, 1998, and were therefore not enforceable beginning on October 1, 1998. During our site visit in December 1998, we informed the responsible State Office contracting officer of this matter, who subsequently extended the operating periods of the agreements to September 30, 1999, to continue the agencies' cooperative efforts.

- Two employees of the California Desert District Office, in purchasing two computers to be used by the California Bureau of Narcotics Enforcement, split the \$8,024

⁵The Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments define equipment as tangible personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit and supplies as all tangible personal property other than "equipment" as previously defined.

⁶The funding requests submitted by the Riverside County Sheriff's Department dated August 28, 1997, and the California Bureau of Narcotics Enforcement dated September 9, 1997, each contained a line-item breakdown of the proposed costs for overtime, helicopter surveillance, computer purchases, and supply purchases.

cost of the computers between their respective Government charge cards into four transactions because the maximum limit for each cardholder was \$2,500. The Code of Federal Regulations (48 CFR 13.003(d)) prohibits individuals from splitting purchases or making multiple purchases to avoid exceeding the card's spending limit. Additionally, the BLM (Bureau of Land Management) National Training Center's Internet training program for Government credit cards states, "Don't exceed your assigned limit . . . [don't] split charges to avoid buying from required sources, or to exceed single purchase limit." The splitting of the procurement may have prevented a procurement specialist⁷ from purchasing the computers at a lower price.

- The State Office had not paid two monthly billings submitted in August 1998 by the California Bureau of Narcotics Enforcement in the total amount of \$1,238. The Code of Federal Regulations (48 CFR 32.905(a)) requires invoices to be paid either 30 days after the invoice from the contractor has been received or 30 days after supplies are delivered or services are performed by the contractor, "whichever is later." At the time of our site visit in December 1998, the two unpaid bills were 3 months past due. We informed the responsible State Office contracting officer of this matter, and the California Bureau of Narcotics Enforcement was reimbursed for the two vouchers in February 1999.

In summary, we found that the State Office appropriately used the special funds to reduce illegal methamphetamine production on Bureau land. However, there were various deficiencies regarding project oversight and fund administration that were due to an inadequate agreement and inadequate management oversight of the expenditures of funds.

Recommendations

We recommend that the Director, Bureau of Land Management:

1. Ensure that required operation plans and after action reports are prepared, progress reports are submitted, changes in overall operation plans are submitted to supervisors and to other involved offices, and spending limits of cooperative agreements are enforced.

2. Direct the State Office to seek appropriate compensation in accordance with the requirements of the Code of Federal Regulations (43 CFR 12.73(b)) for equipment/supplies retained by the cooperating agencies.

3. Direct the State Office to purchase, when feasible, equipment/supplies for use by other agencies under its future cooperative agreements so that title to such equipment is retained by the Bureau.

⁷A procurement specialist is an individual formally trained in purchase procedures.

4. Ensure that cooperative agreements are updated as needed and that official procurement procedures are followed. Specifically, reimbursement payments should be made timely and charge card spending limits should not be exceeded, particularly by splitting orders.

We recommend that the Director, Office of Managing Risk and Public Safety:

5. Require that the Office's written reimbursable agreements with Departmental agencies define the specific reporting procedures and state that any changes or modifications to Plans of Operations incorporated as part of the agreement are required to be submitted to the Office for approval prior to implementation of the changes.

6. Ensure that the Office requires that recipients of its funding submit required reports.

Bureau of Land Management Response and Office of Inspector General Reply

In the September 10, 1999, response (Appendix 3) from the Acting Director, Bureau of Land Management, through the Assistant Secretary for Land and Minerals Management, the Bureau concurred with the four recommendations (Nos. 1, 2, 3, and 4) addressed to the Bureau. Based on the response, we consider all four of the recommendations resolved but not implemented. Accordingly, the recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation, and no further response from the Bureau to the Office of Inspector General is required (see Appendix 5).

Office of Managing Risk and Public Safety Response and Office of Inspector General Reply

In the September 10, 1999, response (Appendix 4) to the draft report from the Director, Office of Managing Risk and Public Safety, the Office concurred with the two recommendations (Nos. 5 and 6) addressed to the Office. In subsequent communications, the Team Leader, Law Enforcement and Security Team, said that he was the official responsible for implementing both recommendations but that the target dates could not be determined because of the uncertainty of receiving further funding. Based on the response and the subsequent information, we consider Recommendations 5 and 6 resolved and implemented. Therefore, no further response to this report from the Office is required (see Appendix 5).

Section 5(a) of the Inspector General Act (Public Law 95-452) requires the Office of Inspector General to list this report in its semiannual report to the Congress.

We appreciate the assistance of Bureau and Office personnel in the conduct of our audit.

CLASSIFICATION OF MONETARY AMOUNTS

<u>Finding</u>	<u>Funds To Be Put To Better Use</u>
Compensation for Equipment/Supplies Purchased by Cooperating Agencies	\$21,809*

*This is the maximum potential amount. The actual amount of compensation would be the fair market value of the equipment/supplies.

**METHAMPHETAMINE REDUCTION PROJECT
BUDGETED VERSUS ACTUAL EXPENDITURES
AS OF FEBRUARY 3, 1999**

RIVERSIDE COUNTY SHERIFF'S DEPARTMENT

<u>Line Item</u>	<u>Amount Budgeted</u>	<u>Amount Expended</u>	<u>Difference*</u>	<u>Percent of Budget**</u>
Overtime	\$30,000	\$10,052	\$19,948	33.5
Helicopter Surveillance	5,000	5,302	(302)	106.0
Computers	6,000	10,286	(4,286)	171.4
Supplies	<u>3,000</u>	<u>3,499</u>	<u>(499)</u>	116.7
Totals	<u>\$44,000</u>	<u>\$29,139</u>	<u>\$14,861***</u>	

CALIFORNIA BUREAU OF NARCOTICS ENFORCEMENT

<u>Line Item</u>	<u>Amount Budgeted</u>	<u>Amount Expended</u>	<u>Difference</u>	<u>Percent of Budget</u>
Overtime	\$30,000	\$17,568	\$12,432	58.6
Helicopter Surveillance	5,000	0	5,000	0.0
Computers	6,000	8,024	(2,024)	133.7
Supplies	<u>3,000</u>	<u>0</u>	<u>3,000</u>	0.0
Totals	<u>\$44,000</u>	<u>\$25,592</u>	<u>\$18,408****</u>	

*The "Difference" was computed by subtracting the "Amount Expended" from the "Amount Budgeted."

**The "Percent of Budget" was computed by dividing the "Amount Expended" by the "Amount Budgeted."

***The Riverside County Sheriff's Department actually had unexpended funds of \$10,861 (\$40,000 minus \$29,139) on February 3, 1999, because its original budget proposal of \$44,000 was funded at \$40,000. The Sheriff's Department did not prepare a line-item breakdown of the \$40,000.

****The California Bureau of Narcotics Enforcement actually had unexpended funds of \$14,408 (\$40,000 minus \$25,592) on February 3, 1999, because its original budget proposal of \$44,000 was funded at \$40,000. The Bureau of Narcotics Enforcement did not prepare a line-item breakdown of the \$40,000.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Washington, D.C. 20240
<http://www.blm.gov>

SEP 10 1999

1245 (370)

MEMORANDUM

To: Assistant Inspector General for Audits

Through: Sylvia V. Baca *Sylvia V. Baca* SEP 14 1999
Assistant Secretary, Land and Minerals Management

From: Tom Fry *Tom Fry*
Acting Director, Bureau of Land Management

Subject: Draft Audit Report - "Special Drug Reduction Funds, Bureau of Land Management, July 1999" (C-IN-BLM-001-99-R)

Thank you for the opportunity to respond to the Special Drug Reduction Funds, Bureau of Land Management (BLM), Draft Audit Report. We have reviewed the report, and we are pleased that you have found that the BLM California State Office properly accounted for the special methamphetamine reduction funds and generally used the funds as intended. We note that you determined that the project resulted in five arrests for illegal methamphetamine-related incidents, the removal of six methamphetamine laboratories, and the identification of two organizations operating illegal methamphetamine laboratories on public land. Illegal drug activities of this nature present a major threat to the public lands and resources and to the safety of visitors. Unfortunately, this was our first experience with a project of this nature and mistakes were made. We concur with all the findings and recommendations contained in the draft audit report with the following specific comments.

Recommendation 1: Ensure that required operations plans and after-action reports are prepared, progress reports are submitted, changes in overall operations plans are submitted to supervisors and to other involved offices, and spending limits of cooperative agreements are enforced.

Comment: We concur with this recommendation. The BLM will prepare an action plan for our California State Office for implementing this recommendation. The action plan will require submission of the completed operations plans, after-action report, and spending summaries for the project. It will also require that operations plans are submitted to supervisors for concurrence and that spending limits of cooperative agreements be enforced. Copies of all such documents

will be retained by the BLM National Law Enforcement Office where they will be available to the Department of the Interior Office of Managing Risk and Public Safety, the Office of National Drug Control Policy, and other concerned agencies.

Responsible Official: BLM Chief of Law Enforcement

Completion Date: September 30, 1999

Recommendation 2: Direct the State Office to seek appropriate compensation in accordance with the requirements of the Code of Federal Regulations (43 CFR 12.73(b)) for equipment/supplies retained by the cooperating agencies.

Comment: We concur with this recommendation. The BLM will prepare an action plan for our California State Office for implementing this recommendation. The action plan will require identification and inventory of each item of equipment/supplies provided to the cooperating agencies. This inventory will be evaluated against 43 CFR §§ 12.72 and 12.73, and appropriate compensation will be obtained or other disposition measures authorized by those sections will be taken. Information about the final disposition of the equipment/supplies will be included in the after action report.

Responsible Official: BLM Chief of Law Enforcement

Completion Date: September 30, 1999

Recommendation 3: Direct the State Office to purchase, when feasible, equipment/supplies for use by other agencies under its future cooperative agreements so the title will be retained by the Bureau.

Comment: We concur with this recommendation. The BLM will issue an Instruction Memorandum to all BLM field offices that require review and concurrence by the BLM Chief of Law Enforcement with future cooperative agreements of this nature and require specific statements be included in final agreements that implement this recommendation.

Responsible Official: BLM Assistant Director, Minerals, Realty, and Resource Protection

Completion Date: October 15, 1999

Recommendation 4: Ensure that cooperative agreements are updated as needed and that official procurement procedures are followed. Specifically, reimbursement payments should be made timely and charge card limits should not be exceeded, particularly by splitting orders.

Comment: We concur with this recommendation. As you have noted in the draft audit report, not making timely reimbursement payments and splitting orders to avoid buying from required sources are violations of Federal regulations. The BLM has provided training and policy statements to make certain involved employees know and understand these requirements. Employee compliance with these regulations is a supervisory matter. The BLM Chief of Law Enforcement will request further information from the California State Office to determine the nature of these violations and what corrective and/or disciplinary actions have been taken to emphasize these requirements.

Responsible Official: BLM Chief of Law Enforcement

Completion Date: September 30, 1999

Recommendations 5 and 6 are directed towards the Director, Office of Managing Risk and Public Safety. We concur with those recommendations. In future projects of this nature, the BLM Chief of Law Enforcement can assist the Office of Managing Risk and Public Safety in implementing these recommendations with BLM field offices.

If you have any questions, please contact Art Lunkley, Special Agent, (208) 387-5128 or Gwen Midgette, BLM Audit Liaison Officer, at (202) 452-7739.



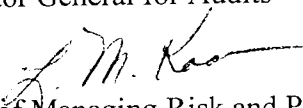
United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

September 10, 1999

Memorandum

To: Robert J. Williams
Assistant Inspector General for Audits

From: L. Michael Kaas 
Director, Office of Managing Risk and Public Safety

Subject: Draft Audit Report on Special Drug Reduction Funds, Bureau of Land
Management (Assignment No. C-IN-BLM-001-99-R)

The Office of Managing Risk and Public Safety (MRPS) is appreciative of the assistance the Office of Inspector General has provided in conducting this audit and providing us with a report of your findings and recommendations.

We accept those recommendations specific to this office. We agree with recommendations 5 and 6 and will implement the recommendations in all future agreements.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/ Recommendation Reference	Status	Action Required
1, 2, 3, and 4	Resolved; not implemented.	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.
5 and 6	Implemented.	No further action is required.

**ILLEGAL OR WASTEFUL ACTIVITIES
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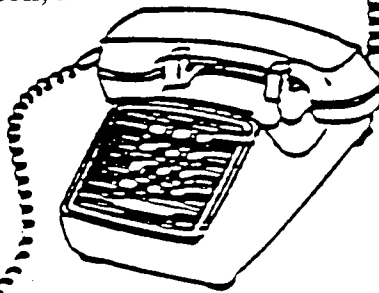
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