



United States Government Accountability Office
Washington, DC 20548

July 1, 2005

The Honorable John Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Duncan L. Hunter
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

Subject: *FY 2006 Annual Report on the Cooperative Threat Reduction Program*

Under section 1308 of the National Defense Authorization Act for Fiscal Year 2001 (Pub. L. 106-398), the Department of Defense (DOD) is to submit an annual report to Congress on its Cooperative Threat Reduction (CTR) program no later than the first Monday in February of each year. The report should include a 5-year plan that discusses the amount and purpose of funding needed over the term of the plan and a description of efforts conducted by the United States to ensure that CTR assistance is fully accounted for and used for its intended purposes. The act requires the Comptroller General to assess this 5-year plan and the description of efforts to account for CTR assistance within 90 days of the report's submission to Congress. The Department submitted its CTR annual report for fiscal year 2006 to Congress on February 23, 2005, and we provided our findings to your staff on May 23, 2005.¹

We analyzed the 2006 report to determine whether (1) the 5-year plan addresses legislative requirements and presents accurate information, and (2) the accountability section addresses legislative requirements and presents accurate information. Enclosed is information provided to your staff presenting our assessment of the CTR annual report submitted for fiscal year 2006 (see enclosure).

¹We refer to the section of the CTR annual report for fiscal year 2006 titled "*Cooperative Threat Reduction (CTR) Program Activities and Assistance*" as the 5-year plan and the accountability section. This section includes both the 5-year plan and the fiscal year 2004 accounting activities. These sections were consolidated in the FY 2005 report at GAO's recommendation.

We found that the 5-year plan addressed the legislative requirements by setting forth funding information for the term of the plan and stating the purpose of those funds. We also confirmed with project managers that, for the eight projects we reviewed in detail, the information provided in the report was generally accurate. In addition, we examined the source documents that supported the data in the published report and found that the published data were generally well supported.

We found that the accountability section addressed three of the four legislative requirements. It (1) discussed the status of contracts and services and the methods used to ensure that CTR aid is used for the purposes intended, (2) determined whether the assistance provided has been used effectively and efficiently, and (3) described the audits and examinations planned for the next year. We found that the information in these sections of the report was generally accurate and complete and included the concerns raised in project trip reports and audit and examinations. The report did not comply with section 1308(c)(5) of the NDAA for FY 2001 (Pub. L. 106-398) however, because it did not provide a description of the condition and location of CTR-furnished equipment. Instead, the annual report states that this information is now available upon request at the Defense Threat Reduction Agency (DTRA), through a new, centralized database system that tracks CTR equipment.² When we asked to review the database, DTRA provided it to us in a timely manner.

In prior years, DOD included the CTR equipment list as an appendix to the annual report. Since last year's report, DTRA's contractor at the Threat Reduction Support Center (TRSC)³ has developed a new database that draws information regarding CTR equipment from a wider variety of sources in order to address data limitations that were previously reported in last year's CTR annual report. DOD is loading all equipment data into this new database to enhance both reporting and tracking capabilities. However, according to TRSC officials, DOD did not include the equipment list as an appendix in this year's report because of its voluminous nature.

We performed our work in Washington, D.C., from April 2005 through May 2005 in accordance with generally accepted government auditing standards.

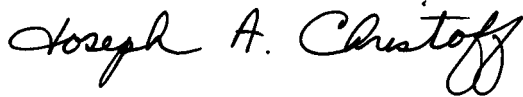
We provided a draft of this report to DOD officials. DOD provided technical comments, which we have incorporated where appropriate.

²DOD's CTR Logistics Support (CLS) contractor has developed the Electronic Information Delivery System (EIDS) to track CTR equipment.

³DTRA has contracted with the Science Applications International Corporation's (SAIC) Threat Reduction Support Center (TRSC). TRSC staff provide support to CTR program and project managers in the areas of operations, logistics, engineering, and financial and program management.

We are sending copies of this report to the Honorable Donald Rumsfeld, Secretary of Defense, and to interested congressional committees. We also will make copies available to others upon request. This report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-8979 or christoffj@gao.gov. David Maurer, Josie Sigl, Hynek Kalkus, and Beth Hoffman León also made key contributions to this report.

A handwritten signature in black ink that reads "Joseph A. Christoff". The signature is written in a cursive style with a large, stylized 'C' at the end.

Joseph A. Christoff
Director, International Affairs and Trade

Enclosure

Enclosure



Cooperative Threat Reduction Annual Report for FY 2006

**Briefing to the Staffs of the Armed Services
Committees
May 23, 2005**

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Background

- The National Defense and Authorization Act (NDAA) for fiscal year 2001 requires the Department of Defense to submit an annual CTR report that sets forth
 - the amount and purpose of funding needed over the next 5 years, and
 - a description of the audit and examinations (A&E) and other efforts conducted by the United States to ensure that CTR assistance is fully accounted for and used for its intended purposes.
- NDAA requires GAO to assess the 5-year plan and the accountability section within 90 days of the annual report's submission.

Objectives

- Determine whether the 5-year plan addresses legislative requirements and presents accurate information
- Determine whether the accountability section addresses legislative requirements and presents accurate information

Scope & Methodology: Five-year plan

To determine whether the 5-year plan addresses legislative requirements and presents accurate information:

- We assessed the plan to determine if it included the amount of funds and resources proposed to be provided over the term of the plan and a description of how those resources will be used.
- We selected eight projects accounting for 78% of the future funding and compared the information presented in the plan with information from project managers to determine the accuracy of the data.

Scope & Methodology: Accountability section

To determine whether the accountability section addresses legislative requirements and presents accurate information:

- We assessed the section to determine if it included a description of the condition and location of CTR-furnished equipment, a discussion of the status of contracts and services and the methods used to ensure CTR aid is used for purposes intended, a description of whether assistance provided has been used effectively and efficiently, and a description of the audits and examinations planned for the next year.
- We reviewed all 12 A&Es and 165 project management trip reports for FY 2004 to determine if the section accurately presents concerns raised in these reports.

Scope & Methodology: CTR annual report presentation

We conducted our review from April 2005 to May 2005 in accordance with generally accepted government auditing standards.

Results in Brief

- FY 2005 5-year plan
 - All legislative requirements were addressed.
 - Information provided in eight sample projects was generally accurate.
- Accountability section
 - Three of four legislative requirements were addressed.
 - The annual report did not contain information on CTR-furnished equipment as required by section 1308(c)(5) of the NDAA for FY 2001.

Principal Findings: Five-year plan addressed the legislative requirements, and the information provided was accurate.

- FY 2005 5-year plan
 - The report provided the amount of funds and resources proposed for the term of the plan.
 - The report stated the purposes for which these proposed funds and resources will be used.
 - The project managers of 8 selected projects confirmed that the information was accurate.

Principal Findings: Accountability section addressed 3 of 4 legislative requirements

- Accountability section of the report:
 - Discussed the status of contracts and services and the methods used to ensure CTR aid is used for purposes intended;
 - Determined whether assistance provided has been used effectively and efficiently, and for purposes intended;
 - Described the audits and examination planned for next year; but
 - Did not describe the condition and location of CTR-furnished equipment.
 - CTR Annual Report did not contain information on CTR equipment, its location, or current condition of equipment as required by Section 1308 (c) (5) of the NDAA for FY 2001.
 - DTRA was able to provide an electronic copy of the list upon request.

Conclusion

- The CTR report meets all legislative requirements for the five-year plan.
- The CTR report meets three of the four requirements for the accountability section.

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