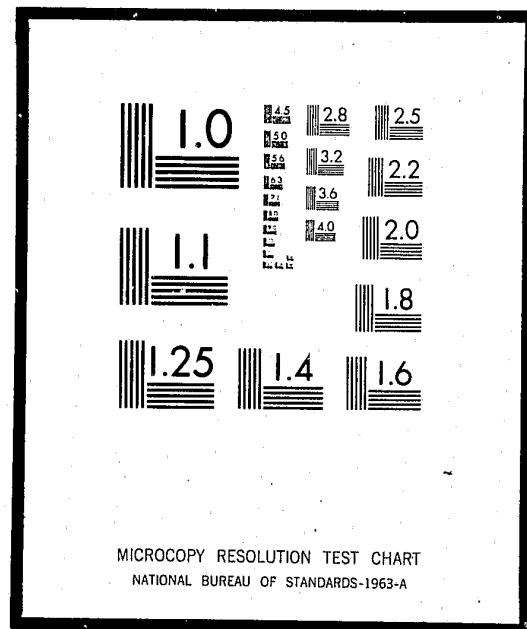


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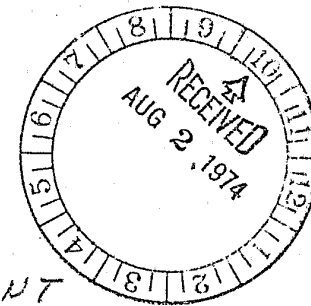
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U.S. DEPARTMENT OF JUSTICE
LAW ENFORCEMENT ASSISTANCE ADMINISTRATION
NATIONAL CRIMINAL JUSTICE REFERENCE SERVICE
WASHINGTON, D.C. 20531

Date filmed

1/27/76



72110 - LEPC (LAW ENFORCEMENT
PLANNING COMMISSION) -

LEPC AUDIT

of the

BNDE

(BUREAU OF NARCOTICS AND
DRUG ENFORCEMENT)

LEPC AUDIT CLEARANCE PROCEDURE

An audit exit conference will be held with auditee. The final audit report will be forwarded to the auditee fourteen days after exit conference. The auditee has a maximum of 40 days from the date of transmittal of the final audit report in which to respond.

The audit report will be made public at the end of 60 days after issuance, except reports containing information exempted by 18 U.S.C. 1905. This means that upon request a member of the press or general public may obtain a copy of an audit report.

The action addressee's response to the final audit shall be keyed to the applicable report recommendation and shall clearly and specifically state whether there is agreement or disagreement with each finding. A definitive statement shall be made as to what action has been or will be taken upon each recommendation. Include specific dates on which action was, or is to be initiated. Documentation supporting actions taken should also accompany the response. If there is disagreement, the response shall cover each pertinent fact presented and the reason for such disagreement, including adequate support.

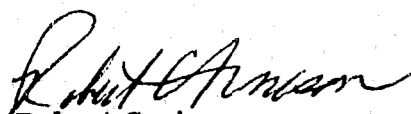
The audit response should be transmitted to the LEPC Audit Division, Statehouse Annex No. 3, Boise, Idaho 83720. There should be two copies forwarded with the original. (Original becomes part of grant record, copy to Auditor, copy to LEPC Director).

The following timetable is a firm schedule designed to provide for resolution or initiation of appropriate corrective or refund action, concerning Bureau of Narcotics and Organized Crime, Attorney General's Office:

- | | |
|---|---------|
| (a) Exit Audit Conference | 2/4/74 |
| (b) Report Issued to Auditee | 2/22/74 |
| (c) Auditee review and submission of response | 3/29/74 |
| (d) LEPC review of response, determination of adherence to the Act, LEAA/LEPC rules and regulations | 4/8/74 |
| (e) On 4/12/74, the audit report, upon request, becomes available to the public. | |

It should be recognized that this is primarily a deficiency audit report and therefore does not fully address the positive aspects of subgrant project. This information can be obtained, upon request, from the LEPC Research Division.

If there are any questions or need for assistance, please contact the Law Enforcement Planning Commission, Phone: 384-2364.


Robert C. Arneson
Director

RCA:ava

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During the course of the audit, the full cooperation of the Staff of the Attorney General and the Bureau of Narcotics and Drug Enforcement assisted us immeasurably in arriving at the funding conclusion and recommendations contained herein. It should also be noted that corrective action has been taken to eliminate the deficiencies contained in this audit.

SECTION I - INTRODUCTION

HISTORY

POWERS & DUTIES

ORGANIZATION

FINDINGS

AUDIT REPORT
of the
BNDE

for period
February 26, 1972 - August 15, 1973

History

In 1971 the First Regular Session of the 41st Idaho Legislature amended Title 37 of the Idaho Code providing for a Uniform Controlled Substances Act. By the Act, the powers of enforcement and administration were delegated to the Idaho State Board of Pharmacy. Subsequently in 1972, the Second Regular Session of the 41st Idaho Legislature further amended Title 37 of the Idaho Code providing that the powers of enforcement be transferred to the Office of the Attorney General. Specifically, the Act as amended states that, "the Attorney General shall administer the state-level program of Idaho to suppress the unlawful traffic and abuse of controlled substances and shall have the authority to appoint commission agents to enforce the provisions of this Act".

Powers and Duties

Under the direction of the Attorney General and/or his designated deputy, the Bureau of Narcotics and Drug Enforcement, hereafter referred to as the BNDE, was given the responsibility for initiating and operating a state-level program to enforce the Controlled Substances Act and provide undercover specialists to assist local law enforcement agencies.

While the BNDE is empowered to enforce all laws of the land the operational objectives as set forth in the BNDE's Policy Manual are:

1. The detection and apprehension of major narcotics violators and sources of supply.
2. Establishment of cooperative relationships with other enforcement agencies in the detection and suppression of narcotics traffic at all levels.
3. To assist in the training of personnel of law enforcement agencies in narcotics enforcement.
4. To provide for chemical analysis of suspected narcotics and restricted dangerous drugs.
5. To provide for the receipt, security and destruction of all narcotics and restricted dangerous drugs.

Organization

In order to achieve its goals and objectives, the BNDE, following its transfer to the Office of the Attorney General in February 1972, reorganized its structure. Under the present organizational structure the name has been revised to the Bureau of Narcotics and Organized Crime. In addition to a headquarters unit, there are three regional offices

situated in Boise, Pocatello and Coeur d'Alene directed toward drug enforcement. There is also an organized crime unit situated in Boise, Idaho. The headquarters unit, the regional office of the BNDE, and the organized crime unit all share the same office space. The present staffing requirements according to the table of organization are as follows:

I. Headquarters

- (1) Bureau Chief
- (1) Secretary
- (1) Fiscal Officer (accountant)

II. Regional Offices -- BNDE

A. Coeur d'Alene Office

- (1) Resident Agent
- (1) Secretary
- (2) Field Supervisors
- (5) Field Agents

B. Boise Office

- (1) Resident Agent
- (1) Secretary
- (2) Field Supervisors
- (6) Field Agents

C. Pocatello Office.

- (1) Resident Agent
- (1) Secretary
- (2) Field Supervisors
- (5) Field Agents

III. Organized Crime Unit

- (3) Investigators

The total complement when the organization is at full staff is thirty-four (34).

The Bureau Chief is responsible for the overall operations of the narcotics enforcement and the organized crime units. The resident agents in charge of the three regional offices of the BNDE have been delegated the responsibility for the operation and conduct of their respective offices as described in the BNDE manual of operation.

Funding (The figures included herein do not include the organized crime unit nor do they include the FY-74 grants of the BNDE)

Beginning in February 1972 and continuing through July 1, 1973, the BNDE has been the recipient of over \$426,000 in federal funds. In addition, state liquor funds in the amount of \$83,626 were provided for match during this period. The Office of the Attorney

General provided an additional \$133,556 in match. Included in this match was in-kind match as well as hard-cash match.

Since 1971, action grants excluding construction have been funded on a 75%-25% ratio; however because of LEAA and SPA rules and regulations governing the funding of personnel, the ratio of federal funding to state and/or local match can vary significantly. This has been the case with grants involving the BNDE. Considering all grants awarded to the BNDE from the date it began operations under the direction of the Attorney General's Office through July 1, 1973, the ratio of federal dollars to liquor funds and other state match was approximately 66% federal to 34% liquor and other state match. The above figures do not include expenditures from July 1, 1973 through January 31, 1974.

SECTION II - PURPOSE, SCOPE & FINDINGS

PURPOSE

SCOPE

FINDINGS

1. FINANCIAL OPERATIONS
2. ECONOMY & EFFICIENCY OF OPERATIONS
3. GOALS & OBJECTIVES

Purpose

The audit of the BNDE was initiated to determine the adequacy and accuracy of fiscal records and other operational data maintained by the BNDE at its three regional offices. Following the preliminary audit and the submission of tentative findings to the SPA Director on August 6, 1973, an additional in-depth audit of the BNDE's Pocatello Regional Office was ordered due to questionable fiscal and managerial practices and possible improprieties by members of that office.

Scope

The audit staff examined the operations of the regional offices of the BNDE for the period December 26, 1972 through August 15, 1973. In addition, schedules were prepared detailing narcotics purchases by office for the period February 5, 1972 through July 11, 1973.

The audit staff took into consideration three basic elements in the review of the activities of the BNDE:

1. Have the financial operations of the BNDE been properly conducted?
2. Did the BNDE utilize its resources in an economical and efficient manner?
3. Have the goals and objectives of the program been set forth in a logical and concise manner and are these goals and objectives being met?

During the course of the audit all pertinent records maintained by the three regional offices of the BNDE were examined including:

1. Accounting ledgers.
2. Supporting documents related to financial transactions.
3. Case files.
4. Evidence logs.
5. Policies and procedures of the BNDE as contained in the operating manual of the BNDE.
6. Correspondence relating to the financial and managerial aspects of the program.

Findings

I. Financial Operations of the BNDE Regional Offices

Accounting ledgers were not maintained on a current basis prior to August 1973 in the Boise and Pocatello Regional Offices. In the Pocatello Office it was noted that entries were as much as three months in arrears. Again, in the Pocatello Office, numerous entries were found to be made to the ledgers in pencil with the pencil entries being subsequently erased and the corrected entries being entered in ink.

Corrective action was taken by the BNDE in August of 1973 to eradicate this deficiency.

Each of the regional offices is responsible for the maintenance of three separate ledgers for funds allocated for their operations:

1. Travel ledger.
2. Buy money ledger.
3. Investigative account ledger

The travel ledger is maintained to record expenditures for travel by office personnel. The buy money ledger accounts for monies expended for the purchase of narcotics and other contraband obtained during the course of narcotics investigations and the investigative expense ledger records expenses incurred by BNDE personnel in the course of obtaining information relative to illegal narcotics activities. Monies from this account are employed for a variety of activities including the personal expenses of agents and/or operators, i. e., drinks, pool, etc., the payment of wages to operators and informants for information leading to the purchase of narcotics and/or contraband and meals and drinks for informants, operators and persons suspected of dealing in narcotics.

At the time of the audit, July 1973, the Boise and Pocatello Regional Offices of the BNDE employed cash as the basis for handling all transactions. This method was employed in spite of previous recommendations by LEPC staff personnel that the use of cash increased the potential for possible misuses of BNDE funds. Under this system, the Boise and Pocatello Offices maintained three separate cash boxes: one for each of the aforementioned accounts and as funds were required by the agents from one or all of the accounts, they were dispensed employing a receipt system. Upon receiving the funds, the agent would sign a receipt indicating the date, account, and amount received. When the funds were expended the agent would then submit travel vouchers, daily expense tabs and buy money receipts attesting to the use to which the funds had been employed either for travel, investigative expense or the purchase of narcotics and/or contraband.

Under the cash method of disbursement three employees in each office had access to the funds: (1) the resident agent-in-charge; (2) one field supervisor (Agent II); and (3) the secretary bookkeeper.

The cash system failed in that:

1. Proper receipt procedures were not adhered to. In the Pocatello Office, specific instances were observed wherein receipts were made on scraps of paper. In other instances, no receipts were made out which resulted in unaccountable cash shortages being noted in the accounts.
2. The cash system was awkward to handle and the funds maintained in the separate accounts became commingled, i. e. travel funds were employed as buy money; buy money was used for travel; and attempts to balance cash on hand to the accounting ledgers proved next to impossible.
3. Accountability for the dispensation of funds was difficult if not impossible to maintain.
4. Excesses in the amount of cash dispensed to various agents and/or operators were noted, particularly in the Pocatello Office. Individual agent's outstanding

accounts were found to be significantly high. In the Pocatello Office it appears that the condition was corrected with the removal, in August of 1973, of the then resident-agent-in-charge.

5. Security systems in guarding funds were found to be lax and during the past year the Boise Office was burglarized twice; once resulting in the loss of \$2,702.26 in BNDE funds. In addition, the Coeur d'Alene Office was broken into; however, no funds were removed.

By contrast, the Coeur d'Alene Office of the BNDE employed a checking account system whereby three checking accounts were established at a local bank; one for each of the accounts maintained by the office. The control of the accounts was centered in the secretary-bookkeeper who was responsible for the receipt, deposit and disbursement of funds to agents. This system was found to be the most efficient in maintaining the highest degree of control over fund expenditures. It also provides the most accurate method of reporting on financial transactions at the regional office level.

As of August 1973, checking accounts were established in the Boise and Pocatello Offices correcting this deficiency with the exception of the buy money account in the Boise Office which is still employing cash as the basis for dispensing funds. In addition, security systems have been established in all BNDE offices providing adequate protection for funds and confidential records. The implementation of the security systems followed the last burglary of the Boise Office in July 1973.

In reviewing the financial transactions of the regional offices it was disclosed that adequate controls were not being maintained over the expenditures by BNDE personnel including their allowability under existing LEAA, LEPC and BNDE policies and regulations. Frequently, BNDE personnel were found to have had excessive balances outstanding charged to travel, buy money and investigative accounts. Several instances were observed in the Pocatello Office where the open balance of individual agents' accounts were in excess of \$1,000. The practice of advancing agents significant dollar amounts of buy money is a direct violation of established procedure governing the use of buy money as set forth in Appendix 10 of the LEAA Guidelines for Financial Management for Planning and Action Grants, dated 4/30/73.

Several problems are associated with the practice which allowed excessively high balances to accumulate in the accounts of individual agents:

1. Accounts were not being settled in an expeditious manner and this interfered with the funding of the regional offices by the headquarters office of the BNDE since funds were allocated to the regional offices on the basis of expenditure vouchers submitted. This deficiency has now been corrected.
2. Financial reports submitted by the Pocatello Office were neither timely nor an accurate reflection of regional office expenditures. This deficiency has been corrected.
3. In those instances where agents were in possession of large amounts of cash, the potential misuse of funds became an ever-present danger and in several instances a reality. Adequate control was completed in December 1973, thus correcting this deficiency.

4. The possibility of loss of funds in the hands of agents in the Pocatello Office was increased due to the lack of control to prevent agents from having large sums of monies in their possession. This discrepancy was corrected in December 1973. In one specific instance, the sum of \$340 was reported stolen by an agent. It is anticipated that this sum can be recovered from the State bonding company.
5. Failure to settle agents' accounts has resulted in agents being transferred and/or terminated while still owing the regional office to which they were assigned significant amounts of money. In the case of one agent assigned to the Pocatello Office, it was disclosed that upon termination he had outstanding balances in his accounts in the amount of \$880. The funds have been recovered and corrective action is being taken by the BNDE to reduce the possibility of this situation occurring in the future.

A review of investigative expenditures in the Pocatello Office revealed that agents and operators were employing excessive amounts of investigative funds in activities which run counter to the established policies and procedures of the BNDE. Section IV (4-23) of the BNDE Manual of Instruction specifically states that agents will not consume alcoholic beverages during duty hours or prior to reporting for duty. It is further stated that the only exception to this rule is in that rare case where an investigation requires an agent to drink. In those cases drinking will be kept to an absolute minimum. Our examination disclosed that one Pocatello agent/operator expended \$751.80 during one 4-month period on drinks for himself. In addition, during the same period he submitted claims for an additional \$1,051.92 in investigative expense monies for drinks and meals for operators, informants and suspected pushers. In another instance, one agent assigned to the Pocatello Office expended \$279.63 on drinks for himself during a 4-month period plus expending another \$952.12 for meals and drinks for informers, operators and suspected pushers. Both agents have since been terminated by the BNDE.

There are additional examples of what appear to be excessive expenditures in this area of operation. LEPC recognizes that such expenditures may be necessary during the course of the BNDE's investigations, but believes that the BNDE violated its own policies and procedures by the failure to adequately control such expenditures.

Numerous examples of unallowable expenditures and duplicate payments of expenditures were disclosed during the course of the audit with the majority of the instances occurring in the Pocatello Office. These range from the duplicate payment of investigative expenses and buy money and travel expenses to claims for excessive mileage, unauthorized expenditures including entertainment and submission of expenses for days during which the time records indicate the agents were not on duty. Total expenditures in question amount to \$550.90.

Numerous instances were revealed where agents paid operators wages without identifying the operator involved or the hours worked. In addition, expense vouchers were submitted by agents for operators' wages paid when in fact subsequent investigation revealed that said wages had not been paid. Criminal charges have been filed against the former Resident Agent-in-Charge of the Pocatello Office and the case is now pending in district court.

The LEPC Staff were apprised that on at least one occasion an agent used a state credit card assigned to him to make purchases of equipment for his own personal use. This violation was discovered by the BNDE accountant and the LEPC audit staff was informed that action has been initiated to recover the amount in question.

In summation, the audit reveals that financial control over the operations of the BNDE was not being conducted in a manner which would allow for current, concise and accurate reporting. Corrective action was initiated prior to the completion of this audit (December 1973), however, a monthly financial audit of the BNDE Regional Offices has been initiated by the LEPC Auditor-in-Charge to assure that said corrective action is being maintained.

II Economy and Efficiency of Operation

Schedules were prepared which indicate the number, type and dollar amounts of buys attributable by regional office for the period January 8, 1972 (the date the BNDE began operations under the aegis of the Attorney General's Office) through July 11, 1973. During this period approximately 700 buys were made by all three offices for a total dollar expenditure of \$31,320. During the period under consideration the Pocatello Office expended \$12,109 in the purchase of narcotics; the Coeur d'Alene Office expended \$4,973; and the Boise Office expended \$14,238. In the Pocatello Office, the amount of hard drugs purchased has increased over the course of the operation with 43% of all dollars expended going for the purchase of heroin; 14% for cocaine; 6% for LSD; and 6% for mescaline. Twenty percent of all dollars expended were for the purchase of marijuana. The remaining percent of dollars expended (11%) went for the purchase of a variety of drugs including hashish, speed, psilocybin, TCH and assorted barbiturates.

An examination of the Coeur d'Alene narcotics purchases indicated that 51% of all dollars expended went for the purchase of marijuana; 18% for LSD; 13% for heroin; 6% for cocaine; and 4% for mescaline. The remaining 26% of the monies expended went for the purchase of speed, hashish, psilocybin, amphetamines, MDA, and Librium. Forty-four percent of all dollars expended in Boise went for the purchase of hard drugs. Statewide, 49% of all dollars expended were for the purchase of hard drugs.

Not included in these totals is the pound of heroin which was confiscated in Caldwell, Idaho, as a result of an investigation involving the BNDE and the Federal Drug Enforcement Administration. The DEA provided the buy money in this case.

The dollar amount quoted above (\$31,320) represents actual dollars expended for narcotics by the BNDE and does not reflect the actual street value of the narcotics confiscated by the BNDE. The BNDE has furnished us with data which sets an amount in excess of \$1,750,000 as representing the estimated street value of the drugs removed from the narcotics traffic in Idaho. This figure includes the pound of heroin confiscated in Caldwell, Idaho by the BNDE and the DEA. Involved in this removal were over 1,400 cases with more than 700 arrests being made. The number of convictions resulting from these activities was not available at the time of the audit since many cases are still pending.

The total actual dollars expended by the BNDE in its operation commencing in January 1972 and continuing through June 1973, amounted to \$650,673 including the actual cost of the narcotics purchased (\$31,320). If we apply the \$650,673 against the estimated street value of \$1,750,000, we find that \$2.69 of drugs based on the estimated street value were purchased for every dollar expended by the BNDE. These figures are subject to further refinement, based upon verification of the BNDE's estimate of the street value of the drugs purchased.

The question of proper utilization of BNDE personnel was reviewed during the audit with primary emphasis being placed on the Pocatello Regional Office. Schedules prepared by the BNDE and the LEPC audit staff indicate that BNDE personnel were allowed to accumulate what can only be considered as excessive hours of compensatory time. In several instances, compensatory time accumulated by agents was found to be in excess of 400 hours. Upon termination, one agent was paid for 460 hours and another agent assigned to the BNDE was paid for 400 hours of compensatory time when he was terminated. Other agents have accumulated as much as 200-300 hours. These facts came to light prior to our audit and the Attorney General issued a directive limiting compensatory time which could be accumulated to a maximum of 120 hours. This directive has been adhered to by the Regional Offices; however, our findings indicate that an improved method of accounting for compensatory time needs to be initiated in order to (1) attest to its authenticity; and (2) better schedule the working time of BNDE personnel.

The evidence expense log maintained by the Pocatello Office was found to be inaccurate and incomplete. In some instances there were some variances in the quantities of narcotics reported on the evidence buy vouchers, the general report and the lab report.

A review of the case files of the Pocatello Office revealed many instances of incomplete general and supplemental reports.

The analysis of drugs by the State Lab (DECS) in Pocatello and Boise is taking considerable time. Reports back to the Pocatello Office of drugs submitted to the State Lab (DECS) located in Boise and Pocatello for analysis have in many instances taken as long as three months to be returned by the Lab. This was ascertained through a check of the date the drugs were submitted to the Lab as opposed to the date that the Lab submitted its report on the analysis of the content of the drugs to the Pocatello Office of the BNDE.

Since the auditors are not familiar with policies and procedures regarding the handling of evidence, no definitive statements relative to the efficiency of the present procedure is possible; however, it would appear that serious questions relative to this critical subject can be posed since in one observed instance it took nine days for a sample of heroin to reach the State Lab in Boise following its purchase in Pocatello. The reports reviewed indicate that the then resident agent-in-charge had the narcotic in his possession for three days following the purchase. In another instance, the substance allegedly purchased differed from that analyzed by the State Laboratory. This discrepancy resulted in the dismissal of one case and the subsequent initiation of perjury charges against an agent of the Pocatello Office of the BNDE.

Certain sections of the BNDE Manual of Instruction were reviewed in order to ascertain if policies and procedures were being adhered to. The following is a synopsis of those findings:

1. Section II (2-1) of the Manual states that the Chief of the BNDE shall establish such files and procedures as he determines are required to keep him fully informed of the operations by the respective area offices and the administrative supervision thereof. In reviewing the operations, particularly those of the Pocatello Office, the following information was obtained:

Female operators were hired by the then resident agent of the Pocatello Office without obtaining prior approval of the BNDE Chief. This is a direct violation of Section VII (7-6) of the Manual. Of nine female operators employed by the Pocatello Office between February and July 1973, no prior approval was obtained in seven instances. It was also observed that operators' applications were not obtained at the time they were employed and were subsequently backdated. Operator files were found to be incomplete. In one instance, the BNDE Chief retroactively approved the hiring of an operator 2-1/2 months following the time she had been employed. This was done due to the fact that the then resident agent in charge had hired the operator who had accrued the expenses in good faith.

2. Paragraph f of Section II (2-1) states that the Chief of the BNDE shall have general responsibility for the expenditure of funds to purchase narcotic evidence, information and payment to informers. He may, at his discretion, delegate specific responsibility for the expenditure of these funds to the resident agents concerned. From our observations, it is a fact that poor control was exercised over the purchase of narcotics and information. In at least several instances, multiple buys were being made from the same pusher -- not over a period of weeks but within the space of one day. One classic example was noted wherein four buys were made from one pusher by four agents within the space of two hours. According to our information, the other agents hid from sight while an agent made a buy so that they would not be called to testify as a corroborating witness when the case came to court. It is our understanding that a verbal reprimand was made by the BNDE Chief.

Two operators in the Pocatello Office made unsupervised buys. One female operator made at least nine unsupervised buys. This was done with the apparent knowledge and approval of the then resident agent-in-charge.

It is our opinion that a review of agent expenditures by administration would have provided information that problems existed at the Pocatello Regional Office. Corrective action has been taken, including the termination of the then resident agent-in-charge.

3. Section II (2-2) states that the BNDE Chief will in the discharge of his duties maintain efficient and effective control over the BNDE as a whole, and will make periodic inspection trips to each area office to insure said control. It is the auditor's opinion that such inspections have not been carried out in the prescribed manner and have, in part, led to the abuses discovered in the Pocatello Regional Office.
4. Section VII (7-7b) states that when state funds are to be used for the purchase of narcotics and/or dangerous drugs evidence, the serial numbers of the money to be used in the purchase shall be recorded, even though it is not contemplated that the money shall be recovered. The serial numbers will be subsequently

made a part of the report covering the transactions. There have been instances where this procedure has not been followed.

In addition, there have been a couple of cases where money recovered in the course of a buy-bust and subsequently employed as evidence at a court proceeding has remained in sealed evidence envelopes for substantial periods of time following its return by the court instead of being returned to the headquarters office of the BNDE. No systematic method of returning these funds to headquarters was in evidence.

As a part of the audit, members of the LEPC also observed that:

1. The objectives of the BNDE appeared to be conflicting in nature and the major objectives of apprehending major suppliers was not being achieved.
2. Priorities for assistance to local law enforcement agencies were established by pressure.
3. There have been times where cooperation with DEA was poor. Since DEA opened its Boise Office in May 1973, a satisfactory relationship between the BNDE and the DEA has been established.
4. Intelligence information is located in intelligence reports, daily logs, case reports and correspondence. It is not classified and indexed and there is no statewide coordination of information. Important information is not retrievable.
5. Public relations and public information efforts are inadequate.
6. There was considerable laxity in the handling of evidence, i. e., marijuana was located in file cabinets. We were unable to match evidence purchased to the evidence log. This deficiency was corrected in August of 1973; however, the Pocatello Office evidence log still needs to be updated.
7. Some agents have extremely high expenditures per dollar of drugs purchased. Performance evaluation is very weak but recently some improvements have been noted.
8. The policies and procedures manual has not always been adhered to. Written directions have not been followed.
9. Statistical reports are inconsistent; they are not uniform. No interpretations are available and evaluation and management data have not been thoroughly analyzed. Technical assistance will be provided by LEPC to overcome this deficiency.
10. Improvements in selection, promotion and training of personnel were in evidence during the period we were involved in the evaluation of the BNDE.
11. The turnover rate of the BNDE personnel is extraordinarily high with the Pocatello Office exceeding 100% over the course of its operation.

In addition to the evaluation performed by the LEPC staff members, the LEPC surveyed criminal justice personnel including Chiefs, Sheriffs, District Judges, Lawyer Magistrates and Prosecutors throughout the state as to their attitudes regarding the operations of the BNDE. The survey was conducted during April and May 1973.

Following are a few pertinent facts and figures extracted from the survey:

1. Interviewees included forty-four sheriffs, fifty-two chiefs, twenty-four district judges, thirty lawyer magistrates, thirty-eight prosecutors and four ex-county prosecutors who were knowledgeable concerning the BNDE project. The report includes a breakdown of sheriffs and chiefs interviewed by region:

Region I -- 25 chiefs and sheriffs
 Region II -- 22 chiefs and sheriffs
 Region II -- 49 chiefs and sheriffs

Judges, magistrates and prosecutors were not identified in the report by region.

2. Subjects contained in the interview questionnaires included communication, assistance, cooperation, intelligence gathering, training and use of manpower, drug cases assigned to judges, magistrates and prosecutors, plea bargaining and its effect on caseload, extent of the drug problem, whether or not the BNDE should be continued, complaints about the program, and suggestions for improvement.
3. Overall, sixty-one percent of the sheriffs and chiefs interviewed felt that the BNDE had had an effect on narcotics problems in their jurisdiction although very few could provide quantitative measurement to their opinion. Twenty-two percent felt that there was a communications problem between peace officers and the BNDE. Forty-two percent stated that it was their opinion that the BNDE lacked sufficient manpower. In summation, the results of the survey of chiefs and sheriffs reveal that ninety-three percent of those interviewed felt the BNDE should be continued with seventy percent stating that the BNDE should be expanded. None of the chiefs and sheriffs interviewed felt that the program should be discontinued.
4. The survey of the judges, magistrates and prosecutors revealed that the BNDE's activities have had a statewide impact since ninety percent of the district court judges, ninety-five percent of the magistrates, and seventy-seven percent of the prosecutors stated they had been involved with BNDE cases. Ninety-five percent of the district court judges and eighty percent of the magistrates interviewed stated that the activities of the BNDE had increased their caseloads. As to plea bargaining, seventy-seven percent of the district court judges interviewed and eighty-nine percent of the magistrates interviewed felt this was an effective tool in prosecuting drug cases with seventy-three percent of the district court judges and sixty-eight percent of the magistrates expressing the opinion that it had alleviated court congestion in their jurisdictions.

Regarding the status of the drug problem in their jurisdiction, the responses of the district court judges, the magistrates and the prosecutors felt it was increasing with thirty-six percent of the district judges, sixty-eight percent of the magistrates and seventy-three percent of the prosecutors responding in the affirmative. The criteria used to support their replies were increased arrests, increased caseload, personal observation and feedback from parents, juveniles and police.

In response to the questions regarding continuation of the program, over ninety percent of all those interviewed felt the program should be continued and/or expanded.

Suggestions for improvement of the BNDE program included increasing the number of agents; improvements in the training of the BNDE personnel; improved lab service; better cooperation between the BNDE and the prosecutors; better evaluation of cases prior to filing; and more careful screening of potential agents prior to hiring.

Complaints about the program ranged from not enough agents to the statement that the BNDE made lots of promises but didn't provide help when requested.

III. Have the Goals and Objectives of the Program been set forth in a logical and concise manner and are these Goals and Objectives being met?

As previously stated, it was the opinion of the LEPC staff members who evaluated the BNDE that the BNDE's objectives are conflicting and the major objective of apprehending major suppliers has not been achieved.

A performance and administrative evaluation of the BNDE's operation has been conducted by Mr. John MacIvor of the Colorado Bureau of Investigation at the request of the Attorney General and the results are to be considered a part of this report.

Conclusions and Recommendations

Based on the findings set forth in our draft audit, the following conclusions regarding the operations of the BNDE are submitted. It should be noted that the conclusions present a view of conditions existing in the BNDE at the time of the audit and do not take into consideration any revisions in Bureau policy and procedure which may have subsequently occurred. Discussions have taken place with the Attorney General's staff and Bureau personnel and it is anticipated that future inspections and/or audits will disclose that changes and improvements in the operation of the Bureau will have taken place in the interim.

Conclusions

1. Strict accountability of grantee personnel in the handling of Bureau funds has been extremely lax and has led to excesses in the expenditure of both federal and state funds.
2. The maintenance of records and source documents was not uniform between the regional offices and, in many instances, documents and records were incomplete, i. e., evidence logs, case reports, accounting ledgers.
3. Federal and Bureau regulations governing the control and issuance of confidential buy monies have been violated.
4. Reconciliation of accounting ledgers to cash on hand or checking account balances was not being adhered to in an acceptable manner.
5. There was inadequate control, primarily in the Pocatello Office, over the issuance of advance funds to agents.
6. Procedures governing the settling of agents' accounts prior to transfer or termination need to be reviewed and strengthened.
7. Receipt procedures in the issuance of funds to agents were not being followed in the prescribed manner, particularly in the Pocatello Office.
8. Too much cash was being maintained by the regional offices. This led to certain improprieties in the management of funds at the Pocatello Office.
9. Personnel handling and accounting for funds in two of the three regional offices had not been trained in acceptable accounting procedures.
10. Follow-up procedures had not been initiated to make certain that outstanding cash balances in the hands of Bureau personnel are being settled in an expeditious manner.
11. Unallowable charges have been discovered.
12. There was no acceptable system in effect to detect duplicate payments to Bureau personnel.
13. Bureau policies pertaining to the hiring and utilization of female operators were repeatedly violated in the Pocatello Office by the then resident agent-in-charge. Two operators in the Pocatello Office made unsupervised buys with the concurrence of the resident agent-in-charge.

SECTION III - CONCLUSIONS & RECOMMENDATIONS

CONCLUSIONS

RECOMMENDATIONS

14. Inspections of regional office operations by the headquarters personnel were not being conducted in a routine and concise manner.
15. There was a distinct lack of expressed knowledge on the part of Bureau personnel as to the policies and procedures of the Bureau as set forth in the Bureau's Policies and Procedures Manual.
16. There were cases where the use of investigative funds was excessive and probably non-essential in the conduct of agency business, e.g., the excessive use of investigative funds by a few agents and operators for drinks and meals for themselves and for informers and suspected pushers.
17. Time and attendance records were incomplete and prior to the Attorney General's memorandum in May of 1973, there was no effective control to limit compensatory time to 120 hours per agent; however, a more improved method of authenticating compensatory hours listed on time cards was still needed at the time of the audit.
18. The hiring criteria, training and supervision of agency personnel were not carried out in an expeditious and effective manner, particularly in the Pocatello Office. It is suspected that salary limitations may have had a dilatory effect in attracting those best qualified.
19. Effective management of the Bureau has continued to be a problem as reflected by the foregoing conclusions.
20. There is a lack of specific quantifiable objectives and a data base from which to conduct an effective evaluation of progress toward goals and objectives.

Recommendations

1. The establishment of uniform accounting procedures manual for each of the Regional Offices of the BNDE.
2. The maintenance of accounting ledgers on a current basis.
3. Establishment and rigorous enforcement of more rigid controls in the issuance of funds to agents.
4. Establishment of procedures which will make accounting and source documents readily available in a precise and logical sequence.
5. Implementation of training sessions in order to make all Bureau personnel aware of rules and regulations governing the accountability for funds in their possession.
6. Increased emphasis on the requirement that all Bureau personnel be familiar with established policies and rules of the Bureau.

7. Review and strengthen previously established procedures which will insure that Bureau personnel, upon transfer or termination, settle outstanding accounts prior to said transfer or termination.
8. The establishment of an effective system of reporting to management on Bureau activities by the regional offices.
9. Improvement in the public relations of the Bureau.
10. Improvement in the present system of hiring, training and utilization of Bureau personnel.
11. Establishment by the Bureau of quantifiable goals and objectives, together with an effective data base which will lend itself to an effective evaluation of progress toward said goals and objectives.