



U.S. Department of Housing and Urban Development

Office of Inspector General

451 7th St., S.W.

Washington, D.C. 20410-4500

March 13, 2002

Audit Memorandum
No. 2002-FO-0004

MEMORANDUM FOR: Angela Antonelli, Chief Financial Officer, F

//signed//

FROM: Randy W. McGinnis, Director, Financial Audits Division, GAF

SUBJECT: Independent Accountant's Report on the Department of Housing and Urban Development's Fiscal Year 2001 Detail Accounting Submission Report

In accordance with *The Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998* and *Office of National Drug Control Policy Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999, the accompanying report presents the results of our attestation review of the Department of Housing and Urban Development's *Submission of Detailed Accounting of FY 2001 Drug Control Funds*, dated January 17, 2002, and revised February 14, 2002.

Our review focused on assessing the Detailed Accountings prepared by the Offices of Housing and Public and Indian Housing, prior year actual obligations, the accompanying disclosures, the financial systems and data supporting the drug methodologies, the estimation methods used, the completeness of the data, the application of the methodologies, and the assertions made regarding the obligation data presented in the Resource Summaries using the criteria indicated above. We were precluded by independence standards from reviewing the Detailed Accounting prepared by the Office Inspector General. In addition, the Office of Inspector General has been given the authority to submit its Detailed Accounting report separately from HUD.

If you have any questions concerning the above or the performance of the review, please contact me at 708-0383.

Audit Memorandum
No. 2002-FO-0004

Office of Inspector General's Independent Accountant's Report on the U.S. Department of Housing and Urban Development's Submission of Detailed Accounting of FY 2001 Drug Control Funds, dated January 17, 2002, revised February 14, 2002

We have reviewed the accompanying report from the U.S. Department of Housing and Urban Development, entitled *Submission of Detailed Accounting of FY 2001 Drug Control Funds*. This Submission includes a Detailed Accounting of Fiscal Year 2001 Drug Control Funds from the Office of Housing covering the Drug Elimination Grant (DEG) and New Approach Anti-Drug Grant (NAAD) programs, and the Office of Public and Indian Housing covering the Drug Elimination Program (PHDEP). The DEG and NAAD programs provide funds to privately owned multifamily assisted housing owners to support their anti-drug and anti-crime efforts. The PHDEP provides funds to public housing authorities and Tribally designated housing entities to support their anti-drug and anti-crime efforts. The Submissions prepared by the Offices of Housing and Public and Indian Housing were the responsibility of Department of Housing and Urban Development's management. They were prepared under the authority of 21 U.S.C. 1704(d), which also requires a review by the Inspector General. Not included is a separate Submission of the Detailed Accounting of Drug Funds on the Operation Safe Homes program prepared by the Office of Inspector General. We were precluded by the standards cited below from reviewing the Detailed Accounting prepared by the Office of Inspector General due to a lack of independence. The Office of Inspector General will submit their Detailed Accounting report separately from the Department of Housing and Urban Development's Submission.

Our review was conducted in accordance with the attestation standards, *Statement for Standards of Attestation Engagements*, established by the American Institute of Certified Public Accountants. The objective of a review is to provide negative assurance on the basis of the work performed as to whether any information came to our attention to indicate that management's assertions are not presented in material respects based on the criteria stated in the Office of National Drug Control Policy (ONDCP) Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999. A review is substantially less in scope than an examination. The objective of an examination would be the expression of an opinion. Accordingly, we do not express such an opinion.

We performed review procedures on the *Submission of Detailed Accounting of FY 2001 Drug Control Funds*, for the purpose of expressing a conclusion about the reliability of each assertion made in the Submission. We did not review "Program Descriptions." In general, our review procedures were limited to inquiries and analytical procedures appropriate for our attestation review engagement.

Based on our review, nothing came to our attention that caused us to believe that the accompanying U.S. Department of Housing and Development's *Submission of Detailed Accounting of FY 2001 Drug Control Funds*, dated January 17, 2002, and revised February 14, 2002, is not presented in all material respects based on the ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999. Our review identified issues that were not significant enough to affect our conclusion as reported above. These matters were discussed with appropriate Department of Housing and Urban Development officials.

This report is solely intended for the use of the U.S. Congress, Office of National Drug Control Policy, and the Department of Housing and Urban Development.

//signed//

Randy W. McGinnis
Director, Financial Audits Division

March 13, 2002

**DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**

**OFFICE OF HOUSING
OFFICE OF MULTIFAMILY HOUSING PROGRAMS**



**DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG
CONTROL FUNDS**

**IN SUPPORT OF THE
*NATIONAL DRUG CONTROL STRATEGY***

**AS REQUIRED BY SECTION 1704(D) OF
TITLE 21 UNITED STATES CODE**

JANUARY 17, 2002

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF HOUSING
OFFICE OF MULTIFAMILY HOUSING PROGRAMS
DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS
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RESOURCE SUMMARY

Drug Resources by Goal:	FY 2001 Actual Obligations In millions (\$)
Goal 1: Educate and enable America's Youth to reject illegal drugs, alcohol and tobacco.	8.59
Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.	35.95
Goal 3: Reduce health and social costs to public of illegal drug use.	1
Goal 4: Shield America's air, land and sea.	-
Goal 5: Break foreign and domestic drug sources of supply.	-
Total	45.5

Drug Resources by Function:

Corrections	-
Intelligence	-
Interdiction	-
International	-
Investigations	.76
Prevention	23.56
Prosecution	0.76
Research & Development	-
State & Local Assistance	18.12
Treatment	.99
Other Program Expenses	1.3
Total	\$ 45.5

PROGRAM DESCRIPTION

The Department of Housing and Urban Development (HUD) is committed to reducing illegal drug use and drug related crime. The Multifamily Housing Drug Elimination Grant (DEG) and New Approach Anti-Drug Grant (NAAD) programs have been authorized since 1988 and 1997 respectively. These programs provide funds to privately-owned multifamily assisted housing owners to support their anti-drug and anti-crime efforts. Grantees use these resources to fight crime by increasing police coverage and security and by providing residents with alternatives to crime and violence. In particular, they

have used their grant funding to employ security personnel and investigators; to contract with private security services; to reimburse local law enforcement agencies for above-baseline services; to establish volunteer resident patrols; to implement physical improvements to enhance security; and to establish and operate drug prevention, intervention, and treatment programs. A description of the above anti-drug and anti-crime efforts follows.

Eligible program costs of the Multifamily Housing's drug elimination grants are as follows:

<u>DEG</u>	<u>NAAD</u>
Physical Improvements to Enhance Security	Increased Law Enforcement
Drug Prevention	Security Services
Drug Intervention	Investigation/Prosecution
Drug Treatment	Capital Improvements to Enhance Security
Other Program Costs	Other Program Costs

Goal 1 of the National Drug Control Strategy is to educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco. The DEG and NAAD programs award funding on a competitive basis to housing developments with severe drug-related problems and with a long-term strategy to reduce crime. The DEG calls for a comprehensive prevention approach that addresses individual residents and their relationship to families, peers, and communities. To this end, the program allows housing owners and managers to administer programs ranging from youth initiatives to substance abuse education and other social programs.

Youth initiatives recognize youth as an essential resource in solving community problems. Their enlistment can, in itself, be good prevention programming. Youth participate as coaches in recreational programs, peer mentors and leaders in community solution action planning. Related initiatives emphasize training, education, recreation, career planning, employment, substance abuse education and prevention. Youth programming both provides the opportunities, skills, and information needed for youth to make appropriate lifestyle choices and offers a deterrence to drug-related gang activity.

DEG prevention activities extend beyond youth programs. Owners and managers use grant funding to establish educational opportunities such as computer learning centers enabling residents to pursue educational, vocational, and economic goals. DEG funds also support the dissemination of information pertaining to drug prevention programs, employment opportunities, and substance abuse counseling.

Goal 2 of the National Drug Control Policy is to increase the safety of America's citizens by substantially reducing drug-related crime and violence. The NAAD and DEG grant programs are designed to meet the needs defined by this goal. Program activities concentrate on fighting crime in and around assisted housing. Staff and residents use these resources to increase police coverage and security.

Eligible activities of the NAAD program include reimbursing local law enforcement for additional services, security contracts, investigators, and capital improvements to enhance security.

The DEG program also supports Goal 2 by allowing housing owners to devote grant funding to voluntary tenant patrol activities and to physical improvements to enhance security.

HUD believes that the successful elimination of drug-related crime requires both the commitment and the participation of residents. Voluntary tenant patrols allow residents to participate directly in their housing community's crime prevention effort.

Physical or capital improvements aim to enhance security in housing communities. These improvements include the following items designed to discourage drug-related crime:

- installation of fences, lighting systems, or surveillance equipment,
- landscaping, and
- reconfiguration of common areas.

Goal 3 of the National Drug Control Strategy is to reduce health and social costs to the public resulting from illegal drug use. The DEG provides grants to housing owners for substance abuse and dependency intervention and treatment programs. Funds awarded can be directed to substance-free maintenance support groups, substance abuse counseling, referral treatment services and short or long range structured aftercare. Additionally, Drug Elimination Grants are used to provide services designed for youth and/or adult drug abusers and recovering addicts, including prenatal and postpartum care, specialized family and parental counseling, parenting classes, and domestic or youth violence counseling. Referral programs, family/youth counseling, and educational, vocational, and employment counseling qualify as eligible activities. Furthermore, grant funding can be distributed for the coordination of services from and to appropriate local substance abuse/treatment agencies, HIV-related agencies, mental health and public health programs.

DISCLOSURES

Drug Methodology

HUD used the latest statistical information available from HUD's Line of Credit Control System (LOCCS) and Program Accounting System (PAS) to calculate the drug-related financial statistics. Figures included in this report reflect funds obligated during FY 2001. LOCCS includes a breakdown of grant funding by budget line item. These budget line items reflect a compilation of anticipated program costs indicated on grantees' budgets. HUD's accounting system cannot quantify its obligation by goals and functions. HUD designated appropriate budget line items to each goal and function according to the actual obligation of \$45,535,798 reported to the Treasury in fiscal year 2001. This enabled HUD to arrive at an estimate of the amount obligated to each eligible expense category. HUD matched these expense categories and their associated funding amounts to ONDCP goals and objectives listed on the Performance Measure of Effectiveness.

Investigations/Prosecution

NAAD grantees can choose to allocate NAAD funds to employ investigators who investigate drug-related crime occurrences in and around the housing developments included in their grant. They may also use funds to provide additional support, particularly, community-based support, to the local Prosecutor's Office.

Eligible housing owners dedicated 3.40 percent of the combined DEG and NAAD grant amount or \$1,550,338 of the \$45,535,798 obligated in fiscal year 2001.

Prevention

HUD maintains that 100 percent of the grant funding allocated to the budget line items of physical or capital improvements, drug prevention programs, and support and training of tenant patrols sustain the prevention accounting submission.

- Funds allocated to the physical or capital improvement budget line items focus on eliminating drug related crime by enhancing security around the exterior of housing communities. Housing owners spent 32.55 percent or \$14,819,862 of the total combined DEG and NAAD funding on physical or capital improvements.
- Grantees administer comprehensive drug prevention programs that range from youth initiatives, such as youth sports programs, peer mentors, and training in substance abuse education and other social programs which help to deter illegal drug use and crime by addressing underlying causes. Housing owners allocated 18.65 percent or \$8,494,491 of the total combined DEG and NAAD funding amount to drug prevention programs.

- DEG money dedicated to voluntary tenant patrols focuses on crime prevention, particularly drug-related crimes, through the active involvement and commitment of residents. Support and training of tenant patrols account for .54 percent or \$244,810 of the total combined DEG and NAAD funding amount.

The above budget line items account for 51.74 percent of combined DEG and NAAD funding or \$23,559,163 of the \$45,535,798 obligated for fiscal year 2001 grants.

State and Local Assistance

Two budget line items, security and law enforcement, account for the amount shown under the resource summary in section I of this report. NAAD grantees used 33.67 percent or \$15,332,848 of the total combined DEG and NAAD funding amount to fund supplemental law enforcement services in order to improve the housing developments' and surrounding neighborhood's ability to combat drug-related crime. In addition, housing owners used 6.12 percent or \$2,788,788 of the total combined funding to employ security officers that can perform safety and security services above and beyond those already performed by local law enforcement. Together these budget line items account for 39.79 percent of total combined DEG and NAAD funding or \$18,121,636 of the \$45,535,798 obligated in FY 2001.

Drug Treatment

The drug intervention and treatment budget line items which allow housing owners and managers to use DEG money for drug intervention and treatment activities in their housing communities correlates directly to this accounting submission. It accounts for 2.17 percent of the total combined grant funds or \$987,775 of the \$45,535,798 obligated.

Other Program Expenses

HUD classifies expenses incurred by housing owners that support implementation of the DEG and NAAD, but do not provide direct services, as an other program expense budget line item. Under this budget line item, grantees fund grant expenses such as tasks necessary to comply with program regulations and with the financial and audit controls of grant funds. To this end, housing owners may use grant funding to purchase computers and other necessary office materials. Grantees can also utilize funds under this budget line item for related staff training and development or conferences. This budget line item does not include administrative costs incurred by HUD for the DEG or NAAD programs. Grantees anticipated spending 2.9 percent of the total combined grant amounts or \$1,316,887 of the \$45,535,798 obligated to these grants in FY 2001.

Methodological Modifications

HUD has not made any modifications to the methodology used to determine any of its drug-related financial statistics in 2001.

Material Weaknesses or Other Findings

As stated in an earlier section of this report, reports obtained from HUD's LOCCS and PAS systems determine the calculation of drug-related obligations included in this report. HUD believes these reports to be the most accurate representation of how housing owners and managers actually spend DEG and NAAD grants.

Reprogramming or Transfers

There was no reprogramming or transfer of drug elimination grant funds in fiscal year 2001.

Other Disclosures

This report does not reflect Public Housing Drug Elimination Grants or Operation Safe Home program information.

ASSERTIONS

Drug Methodology

Data

This report fully reveals the sources for all data used as well as clearly explains the methods utilized to obtain all financial statistics from the data.

Other Estimation Methods

HUD allows its agencies, with prior approval, to deviate from the projected budget line item activities included in their grants' plans. Based on professional and program knowledge, HUD estimated the funding differences between planned programs and actual expenses.

Completeness

HUD allocates all drug-related funding through Drug Elimination Grants to qualifying housing owners. The drug methodology and program description describe drug elimination program activities in their entirety.

Financial Systems

Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

Application of Methodology

The methodology disclosed in section II accurately and completely describes the actual methodology used to determine the fiscal year 2001 drug-related financial statistics included in section I of this report.

Financial Plan - Including Reprogrammings or Transfers

All of the obligations included in this report represent estimates based on DEG and NAAD plans submitted by qualifying housing owners. There was no reprogramming or transfer of funds in fiscal year 2001.

**DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**

**OFFICE OF PUBLIC AND INDIAN HOUSING
OFFICE OF PUBLIC AND ASSISTED HOUSING DELIVERY
COMMUNITY SAFETY AND CONSERVATION DIVISION**

**DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG
CONTROL FUNDS**

**IN SUPPORT OF THE
*NATIONAL DRUG CONTROL STRATEGY***

**AS REQUIRED BY SECTION 1704(D) OF
TITLE 21 UNITED STATES CODE**

FEBRUARY 14, 2002

**OFFICE OF PUBLIC AND ASSISTED HOUSING DELIVERY
COMMUNITY SAFETY AND CONSERVATION DIVISION**

DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS

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RESOURCE SUMMARY

	FY 2001 Actual Obligations In millions (\$)
Drug Resources by Goal:	
Goal 1: Educate and enable America's Youth to reject illegal drugs, alcohol and tobacco.	\$ 138.7
Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.	\$ 147.7
Goal 3: Reduce health and social costs to public of illegal drug use.	\$ 3.8
Goal 4: Shield America's air, land and sea.	-
Goal 5: Break foreign and domestic drug sources of supply.	-
Total	<u><u>\$290.2</u></u>

Drug Resources by Function:

Corrections	-
Intelligence	-
Interdiction	-
International	-
Investigations	\$6.4
Prevention	\$138.7
Prosecution	-
Research & Development	-
State & Local Assistance	\$141.3
Treatment	\$3.8
Total	<u><u>\$290.2</u></u>

PROGRAM DESCRIPTION

The Public and Indian Housing Drug Elimination Program (PHDEP) provided funds in 2001 to public housing authorities and Tribally Designated Housing Entities to support their anti-drug and anti-crime efforts. Grantees used these resources to fight crime by increasing police coverage and security and by providing residents with alternatives to crime and violence. A description of the above anti-drug and anti-crime efforts according to each goal follows.

Goal 1 of the National Drug Control Strategy is to educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco.

- In 2001, the PHDEP program allocated funding on a formula basis to local agencies with severe drug-related problems and with a long-term strategy to reduce crime.
- Housing authorities administered programs ranging from youth initiatives such as peer mentors and leaders in community solution action planning to substance abuse education and other social programs.
- Housing authorities utilized PHDEP funding to establish educational opportunities such as computer learning centers enabling residents to pursue educational, vocational and economic goals.

Goal 2 of the National Drug Control Policy is to increase the safety of America's citizens by substantially reducing drug-related crime and violence.

- Often with a concentration of crime in and around public housing, staff and residents used PHDEP resources to increase police coverage and security as well as to provide alternate activities to residents.

Goal 3 of the National Drug Control Strategy is to reduce health and social costs to the public of illegal drug use.

- The Public Housing Drug Elimination Program provided grants to housing authorities for the support of substance abuse and dependency treatment programs. Eligible uses of funds included sobriety maintenance, substance-free maintenance support groups, substance abuse counseling, referral treatment services and short or long range structured aftercare.
- Drug Elimination Grants were used to provide services designed for youth and/or adult drug abusers and recovering addicts including care, specialized family and parental counseling, parenting classes or other supportive services such as domestic or youth violence counseling. Also included local substance abuse/treatment agencies, HIV-related agencies, mental health and public health programs.

DISCLOSURES

Methodology

- HUD used the latest statistical information available from the Public Housing Drug Elimination Program (PHDEP) National Summary to calculate the drug-related financial statistics. Figures included in this report reflect information derived from the fiscal year 2000 LOCCS and from fiscal year 2001 LOCCS as of February 8, 2002. These figures represent money obligated in fiscal year 2001.
- The funding data includes a breakdown of PHDEP funding by budget line item. The budget line items reflect a compilation of the summary of expenses listed on

PHDEP grant applications received from all PHDEP eligible housing authorities. Since HUD's accounting system cannot quantify its obligation by goals and functions, HUD then applied the percentages from the LOCCS data to the obligation amount of \$290,252,075 to arrive at an estimate of the amount obligated to each eligible expense category. HUD matched these expense categories and their associated funding amounts to ONDCP goals and objectives listed on the Performance Measure of Effectiveness.

- The LOCCS BLI funding data includes line item for Other Program Costs. Since this line item includes expenses that may be related to each PHDEP function, the total amount for each program function includes a percentage from the total amount of Other Program Costs.
- This report reflects budget line items in LOCCS for FY 2000 and FY 2001 PHDEP Grants. It is possible that carryover from the 1999, 1998, 1997, 1996 and prior years could also be expended in FY 2001.

Investigations

- Eligible housing authorities dedicated 2.2 percent of the total amount of PHDEP funds or \$6,379,607 of the \$290,252,075 obligated for fiscal year 2001 for investigations of drug-related crime occurrences in and around the housing authorities.

Prevention

- HUD maintains that 100 percent of the funding allocated to the four budget line items, voluntary tenant patrols, physical improvements, drug prevention, and drug intervention, support the prevention accounting submission.
- In fiscal year 2001, housing authorities allocated 2.99 percent of the total PHDEP funding on physical improvements. PHDEP grantees devoted 1.34 percent of the total PHDEP funding to voluntary tenant patrols.
- Housing authorities allocated 40.68 percent of the total PHDEP funding amount to drug prevention programs and 2.8 percent of the total PHDEP funding amount to drug intervention.
- The above budget line items accounted for 47.81 percent of PHDEP funding or \$138,774,464 of the \$290,252,075 obligated for fiscal year 2001.

State and Local Assistance

- PHDEP grantees used 33.98 percent of the total PHDEP funding amount to fund supplemental law enforcement services in order to improve the housing authority's ability to combat drug-related crime.
- In addition, housing authorities used 14.71 percent of the total PHDEP funding to employ security officers that can perform safety and security services above and beyond those already performed by local law enforcement.

- Together these budget line items accounted for 48.69 percent of PHDEP funding or \$141,330,028 of the \$290,252,075 obligated to PHDEP grants.

Drug Treatment

- The drug treatment budget line item allowed housing authorities to use PHDEP money for drug treatment activities in their housing communities. It accounted for 1.3 percent of the total amount of PHDEP funds or \$3,767,976 the \$290,252,075 obligated to the Public Housing Drug Elimination Program.

Other Program Costs

- HUD classified expenses incurred by housing authorities that support implementation of the PHDEP, but do not provide direct services, as another program expenses budget line item.
- Under this budget line item, housing authorities funded PHDEP expenses such as tasks necessary to comply with program regulations and with the financial and audit controls of PHDEP funds.
- In this report, a proportion of the total budget line item amount for Other Program Costs is included in each of the program functions.

Methodological Modifications

- HUD has not made any modifications to the methodology used to determine any of its drug-related financial statistics in 2001.

Material Weaknesses or Other Findings

- Reports submitted from PHDEP grant recipients factor into the calculation of drug-related obligations included in this report. HUD believes these reports to be the most accurate representation of how housing authorities actually spent PHDEP grants. Beginning July 1, 1999 all grantees under the PHDEP were required to submit their semi-annual performance reports electronically using a new Internet-based system. The new system allows for the standardized collection of performance and measurement of progress towards reaching established goals for their drug elimination program.
- The Federal Register required housing authorities to comply with funding and evaluation standards. Each grantee must also demonstrate that it has a fully operational system for monitoring and evaluating its grant-funded activities.
- The monitoring and evaluating system must collect quantitative evidence of the number of persons and units served, types of services provided, and the impact of such services on the persons served. The system also provides evidence of

the impact of grant-funded activities on the public housing or other housing, the community and the surrounding neighborhood.

Reprogramming or Transfers

- There was no reprogramming or transfer of drug elimination funds in fiscal year 2001.

Other Disclosures

- In order to more accurately portray activities funded under the budget line item of other expenses, HUD listed the drug treatment line item and the other expenses line item separately in this report.

ASSERTIONS

Methodology

Data

- This report fully reveals the sources for all data used as well as clearly explains the methods utilized to obtain all financial statistics from the data.

Other Estimation Methods

- HUD allows its agencies, with prior approval, to deviate from the projected budget line item activities included in their PHDEP plans. Based on professional and program knowledge, HUD estimated the funding differences between PHDEP planned programs and PHDEP actual programs.

Completeness

- HUD allocated all drug-related funding through Drug Elimination Grants to qualifying housing authorities. The drug methodology and program description describe drug elimination program activities in their entirety.

Financial Systems

- Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

Application of Methodology

- The methodology disclosed in section II accurately and completely describes the actual methodology used to determine the fiscal year 2001 drug-related financial statistics included in section I of this report.

Financial Plan - Including Reprogramming or Transfers

- All of the obligations included in this report represent estimates based on PHDEP plans submitted by qualifying housing authorities.
- The HUD accounting system does not allow for a breakdown of PHDEP funding by expense categories. As such, the obligation amounts may change as a result of housing authorities deviating slightly from their PHDEP plans. However, HUD believes these modifications do not exceed \$5 million.