



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**

WASHINGTON, DC 20201



January 18, 2023

**TO:** Nathaniel Davis  
Chief Financial Officer  
National Institute on Drug Abuse

Judit O'Connor  
Chief, Financial Management Branch  
National Institute on Alcohol Abuse and Alcoholism

**FROM:** /Amy J. Frontz/  
Deputy Inspector General for Audit Services

**SUBJECT:** Independent Attestation Review: *National Institutes of Health Fiscal Year 2022 Detailed Accounting Submission and Budget Formulation Compliance Report for National Drug Control Activities, and Accompanying Required Assertions*, A-03-23-00351

We have reviewed the attached National Institutes of Health's (NIH) National Institute on Drug Abuse (NIDA) and National Institute on Alcohol Abuse and Alcoholism (NIAAA) Office on National Drug Control Policy (ONDCP) Detailed Accounting Reports, which include the table of Drug Control Obligations, related disclosures, and management's assertions for the fiscal year ended September 30, 2022. We also reviewed the Budget Formulation Compliance Reports, which include budget formulation information for the fiscal year ending September 30, 2024,<sup>1</sup> and the Chief Financial Officer's or accountable senior executive's assertions relating to the budget formulation information. NIDA and NIAAA management are responsible for, and submitted, the Detailed Accounting Reports and Budget Formulation Compliance Reports, which were prepared in accordance with the ONDCP Circular *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021 (ONDCP Compliance Reviews Circular). We performed this review as required by 21 U.S.C. section 1704(d)(1) and as authorized by 21 U.S.C. section 1703(d)(7) and in compliance with the ONDCP Compliance Reviews Circular.

It is our responsibility to express a conclusion about the reliability of NIDA and NIAAA's Detailed Accounting Reports for fiscal year 2022, NIDA and NIAAA's Budget Formulation Compliance Reports for fiscal year 2024, and management's assertions based on our review.

We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements,

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<sup>1</sup> Although NIDA and NIAAA's Budget Formulation Compliance Reports were provided to ONDCP as of fiscal year 2022, the budget figures reflect the fiscal year 2024 funding request.

as described in the U.S. Government Accountability Office publication, *Government Auditing Standards* (April 2021). Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the Detailed Accounting Reports, Budget Formulation Compliance Reports, and management’s assertions for them to be in accordance with the criteria. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than an examination, the objective of which is to obtain reasonable assurance about whether management’s reports and assertions are in accordance with the criteria in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion.

Notwithstanding the limited nature of the engagement, we believe that the review evidence obtained is sufficient in accordance with attestation standards and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

As part of our review, we performed review procedures on NIDA and NIAAA’s fiscal year 2022 Detailed Accounting Reports and fiscal year 2024 Budget Formulation Compliance Reports according to the ONDCP Compliance Reviews Circular’s criteria. We limited our work to inquiries and analytical procedures appropriate for an attestation review. Specifically, we performed procedures for the purpose of expressing a conclusion about the reliability of each of the assertions made in the NIDA and NIAAA reports. Those procedures included reviewing NIDA and NIAAA’s drug methodologies and reprogramming or transfer of drug control funds, if applicable. We also performed procedures to determine whether NIDA and NIAAA submitted the summer budget timely and whether funding levels represented NIH requests.

Based on our review, we are not aware of any material modifications that should be made to NIDA and NIAAA’s Detailed Accounting Reports for fiscal year 2022 and NIDA and NIAAA’s Budget Formulation Compliance Reports for fiscal year 2024 and management’s assertions for them to be in accordance with the ONDCP Compliance Reviews Circular.

NIDA and NIAAA’s Detailed Accounting Report and Budget Formulation Compliance Report assertions are included as Attachments A, B, C, and D.<sup>2</sup>

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Although this report is an unrestricted public document, the information it contains is intended solely for the information and use of Congress, ONDCP, and NIH. It is not intended to be, and should not be, used by anyone other than those specified parties. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Carla J. Lewis, Assistant Inspector General for Audit Services, at (202) 834-5992 or [Carla.Lewis@oig.hhs.gov](mailto:Carla.Lewis@oig.hhs.gov). Please refer to report number A-03-23-00351 in all correspondence.

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<sup>2</sup> Only the Budget Formulation Compliance Report assertions are included in Attachments C and D since the report contains prospective information.



National Institutes of Health  
National Institute on Drug Abuse  
Bethesda, Maryland 20892

**MEMORANDUM TO:** Director  
Office of National Drug Control Policy (ONDCP)

**THROUGH:** Norris Cochran  
Deputy Assistant Secretary for Budget  
Assistant Secretary for Financial Resources  
Office of the Secretary  
Department of Health and Human Services

Sheila Conley  
Deputy Assistant Secretary for Finance and  
Deputy Chief Financial Officer  
Assistant Secretary for Financial Resources  
Office of the Secretary  
Department of Health and Human Services

**FROM:** Nathaniel Davis      Nathaniel M. Davis  
Chief Financial Officer      M. Davis -S  
National Institute on Drug Abuse      Digitally signed by  
Date: 2022.11.22  
16:19:11 -0500

**SUBJECT:** Fiscal Year 2022 Detailed Accounting Report

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular: National Drug Control Program Agency Compliance Reviews, dated September 9, 2021, I make the following assertions regarding the attached annual accounting of drug control funds:

**Obligations by Budget Decision Unit**

I assert that obligations reported by budget decision unit are the actual obligations from the NIH financial accounting system for this budget decision unit after using National Institute on Drug Abuse’s (NIDA) internal system to reconcile the NIH accounting system during the year. A table of Prior Year Drug Control Obligations by Decision Unit and Drug Control Function is included as part of Exhibit A.

**Drug Methodology**

I assert that the drug methodology used to calculate obligations of prior year budget resources by function for the institute was reasonable and accurate in accordance with the criteria listed in Section 7 of the Circular. In accordance with these criteria, I have documented data which support the drug methodology, explained and documented other estimation methods (the assumptions for which are subject to periodic review) and determined that the financial systems

National Institute on Drug Abuse FY 22 Detailed Accounting Report

supporting the drug methodology yield data that present fairly, in all material respects, aggregate obligations from which drug-related obligation estimates are derived (See Exhibit B).

Obligations of prior year drug control budgetary resources are calculated as follows: FY 2022 actual obligations were determined by identifying NIDA support for projects that address drug prevention and treatment. Projects for inclusion in the ONDCP budget are identified from the NIDA coding system and database known as the “NEPS” system (NIDA Extramural Project System) (See Exhibit C). Data are entered into this system by program staff. NIDA does not need to make any assumptions or estimates to isolate its total drug control obligations as the total appropriation is drug control.

NIDA obligations are allocated between prevention and treatment research based on the professional judgment of scientific program officials on specific grant and contract projects. These scientists review the grant application, project purpose and methodology, and/or progress report to determine whether the project meets NIDA’s criteria for categorization as prevention or as treatment research. Projects are coded and entered into the NEPS system prior to funding.

As the supporter of most of the world’s research on drug abuse and addiction, NIDA provides a strong science base for our Nation’s efforts to reduce the abuse of drugs and their consequences. NIDA’s comprehensive research portfolio addresses a broad range of drug abuse and addiction issues, ranging from the support of fundamental neurobiology to community-based research. As our Nation looks for science-based approaches to enhance its prevention and treatment efforts, NIDA’s broad portfolio and its continuing efforts to work with other Agencies and NIH Institutes on a variety of transdisciplinary issues will provide the tools necessary to move these efforts forward. Research serves as the cornerstone of NIDA’s efforts to disseminate research information and educate health professionals and the public, especially our Nation’s youth, about the factors influencing drug use, its consequences, and about science-based and tested treatment and prevention techniques. These research and dissemination efforts to develop, test, and disseminate information on the basis of addiction, its consequences, and enhanced therapeutic techniques support the ONDCP Goal 3 (treatment). Efforts to enhance the science base and disseminate information on the factors that inhibit and facilitate drug use and its progression to addiction and other health consequences, and on science-based approaches for prevention interventions support the ONDCP Goal 1 (prevention).

NIDA’s FY 2022 enacted budget was \$1,596,123,000 (\$1,250,828,000 for direct and \$345,295,000 for research relating to the Opioid Crisis) which was an increase of \$116,463,000 above the FY 2022 CR amount. NIDA obligated \$1,596,069,443 of the Annual Appropriation and \$53,557 lapsed.

**Application of Drug Methodology**

I assert that the drug methodology described in the preceding section was the actual methodology used to generate the table required by Section 7 of the Circular. Any differences between NIDA’s actual obligations and the National Drug Control Strategy Budget summary number for FY 2022 are described above for the FY 2022 column of the FY 2023 PB.

National Institute on Drug Abuse FY 22 Detailed Accounting Report

**Methodology Modifications**

I assert that there were no changes in methodology from the previous year.

**Material Weaknesses or Other Findings**

I assert that that all material weaknesses or other findings by independent sources, which may affect the presentation of prior year drug-related obligations as required by Section 7.a.(4) have been disclosed.

**Methodology Modifications**

I assert that no modifications were made to methodology for reporting drug control resources from the previous year's reporting.

**Reprogrammings or Transfers**

I assert that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of all reprogrammings or transfers affecting drug-related resources that individually or in aggregate for the fiscal year exceed \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget (21 U.S.C. § 1703(c)(4)(A)).

**Fund Control Notices**

I assert that that the data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 U.S.C. § 1703(f) and Section 9 of the ONDCP Circular, Budget Execution.

NATIONAL INSTITUTES OF HEALTH  
NATIONAL INSTITUTE ON DRUG ABUSE  
FY 2022 Actual Obligations  
(Dollars in Thousands)

I. RESOURCE SUMMARY - ANNUAL APPROP

	FY 2022 Actual
<b>Drug Resources by Decision Unit:</b>	
National Institute on Drug Abuse	1,596,069
Total	1,596,069
<b>Drug Resources by Function:</b>	
Research and Development Prevention	418,854
Research and Development: Harm Reduction	183,813
Research and Development Treatment	894,062
Research and Development: Recovery	99,340
Total	1,596,069

Differences Between (1) Actual Obligations and (2) the FY 22 Column of the  
FY 23 CJ and the National Drug Control Strategy Budget Summary  
(Dollars in Thousands)

Total 2022 Column of the FY 2023 CJ; National Drug Control Strategy	1,479,660
FY 22 Enacted Increase to FY 22 CR	115,814
AIDS Transfer	649
Lapse of Funds	-54
<b>Total Annual Obligations</b>	<b>1,596,069</b>

National Institute on Drug Abuse FY 22 Detailed Accounting Report

**NATIONAL INSTITUTES OF HEALTH**  
**National Institute on Drugs and Addiction\***

**Amounts Available for Obligation <sup>1</sup>**  
(Dollars in Thousands)

Source of Funding	FY 2021 Final	FY 2022 CR	FY 2023 President's Budget
Appropriation	\$1,479,660	\$1,479,660	\$1,843,326
Mandatory Appropriation: (non-add)			
<i>Type 1 Diabetes</i>	(\$0)	(\$0)	(\$0)
<i>Other Mandatory financing</i>	(\$0)	(\$0)	(\$0)
Secretary's Transfer	-\$4,442	\$0	\$0
Subtotal, adjusted appropriation	\$1,475,218	\$1,479,660	\$1,843,326
OAR HIV/AIDS Transfers	\$649	\$0	\$0
Subtotal, adjusted budget authority	\$1,475,867	\$1,479,660	\$1,843,326
Unobligated balance, start of year	\$0	\$0	\$0
Unobligated balance, end of year (carryover)	\$0	\$0	\$0
<b>Subtotal, adjusted budget authority</b>	<b>\$1,475,867</b>	<b>\$1,479,660</b>	<b>\$1,843,326</b>
Unobligated balance lapsing	-\$62	\$0	\$0
Total obligations	\$1,475,805	\$1,479,660	\$1,843,326

<sup>1</sup> Excludes the following amounts (in thousands) for reimbursable activities carried out by this account:  
FY 2021 - \$83,548    FY 2022 - \$92,005    FY 2023 - \$76,448

\* The FY 2023 President's Budget proposes to rename the National Institute on Drug Abuse to the National Institute on Drugs and Addiction.

ATTACHMENT

**Exhibit B**

- (1) **Drug Methodology** – Actual obligations of prior year drug control budgetary resources are derived from the NIDA Extramural Project System (NEPS) and the NIH nVision Balance of Accounts Report.
  - a. **Obligations by Budget Decision Unit** – NIDA’s budget decision units have been defined by ONDCP Circular, Budget Formulation, dated September 9, 2021. NIDA reports its entire budget to ONDCP. This unit is referred to as:
    - National Institute on Drug Abuse
  - b. **Obligations by Drug Control Function** – NIDA distributes drug control funding into four functions:
    - Research and Development Prevention
    - Research and Development: Harm Reduction
    - Research and Development Treatment
    - Research and Development: Recovery
- (2) **Methodology Modifications** – none
- (3) **Material Weaknesses or Other Findings** – none
- (4) **Reprogrammings or Transfers** - The obligation data presented are associated against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP’s approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million that occurred during the fiscal year.
- (5) **Other Disclosures** - none



**NIDA Extramural Project System (NEPS) Description**

The NIDA Extramural Project System (NEPS) was introduced in 2002 and serves as the electronic financial management data collection and reporting system for extramural grants and contracts. The system is used exclusively by the National Institute on Drug Abuse (NIDA) but integrates data pulled from the National Institutes of Health (NIH) enterprise system known as IMPAC II (Information for Management, Planning, Analysis and Coordination).

In the NEPS system we can track planned, committed and awarded projects; code and track projects as having relevance to drug treatment and prevention research; generate standard and ad hoc reports on planned and actual spending; produce funding plans; develop future year spending estimates; code projects for substances of abuse, program crosscuts and HIV/AIDS relevance; and solicit and approve grants funding requests.

NEPS is used to report actual obligations for NIDA and the data is validated with the NIH nVision Balance of Accounts and Query View Report (QVR) electronic system.



December 13, 2022

**MEMORANDUM TO:** Director Office of National Drug Control Policy

**THROUGH:** Norris Cochran  
Deputy Assistant Secretary for Budget  
Assistant Secretary for Financial Resources  
Office of the Secretary  
Department of Health and Human Services

Sheila Conley  
Deputy Assistant Secretary of Finance  
Department of Health and Human Services

**FROM:** Judit O'Connor  
Chief, Financial Management Branch  
National Institute on Alcohol Abuse and Alcoholism

Judit O'Connor -S  
Date: 2022.12.13  
08:54:13 -05'00'

**SUBJECT:** Fiscal Year 2022 Detailed Accounting Report

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular: National Drug Control Program Agency Compliance Reviews, dated September 9, 2021, I make the following assertions regarding the attached annual accounting of drug control funds:

**Timeliness of Summer Budget Submission**

I assert that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of all reprogrammings or transfers affecting drug-related resources that individually or in aggregate for the fiscal year exceed \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget (21 U.S.C. § 1703(c)(4)(A)).

**Funding Levels Represent Bureau-Level Request**

I assert that the funding request in the submission provided in Section 6.a.(2) of this circular represent the funding levels in the budget submission made by the bureau to the Department without alteration or adjustment by any official at the Department.

**Methodology**

I assert that the methodology used to calculate obligations of prior year budgetary resources by function for the institute was reasonable and accurate in accordance with the criteria listed in Section 6b(2) of the Circular. Obligations of prior year underage drinking control budgetary resources are calculated as follows:

The NIAAA prevention and treatment components of its underage drinking research are included in the ONDCP drug control budget. Underage drinking research is defined as research that focuses on alcohol misuse and alcohol use disorder in minors (youth under the legal drinking age of 21). It includes all alcohol related research involving youth, including behavioral research, screening and intervention studies, and longitudinal studies, with the exception of research on fetal alcohol spectrum disorders resulting from alcohol use by the mother during pregnancy. Beginning with the reporting of FY 2010 actual obligations, NIAAA's methodology for developing budget numbers uses the NIH research categorization and disease coding (RCDC) fingerprint for underage drinking that allows for an automated categorization process based on electronic text mining to make this determination. Once all underage drinking projects and associated amounts are determined using this methodology, NIAAA conducts a manual review and identifies just those projects and amounts relating to prevention and treatment. Contract expenditures supporting underage prevention activities are also included. This subset makes up the NIAAA ONDCP drug control budget. Prior to FY 2010, there was no validated fingerprint for underage drinking, and the NIAAA methodology was completely dependent upon a manual review by program officers.

#### **Application of Methodology**

I assert that the drug methodology described in this section was the actual methodology used to generate the table required by Section 6a of the Circular.

#### **Reprogramming or Transfers**

I assert that NIAAA did not reprogram or transfer any funds included in its drug control budget.

#### **Fund Control Notices**

I assert that that the data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 U.S.C. § 1703(f) and Section 9 of the ONDCP Circular, Budget Execution.

NATIONAL INSTITUTES OF HEALTH  
NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM FY 2022 ACTUAL  
OBLIGATIONS

(Dollars in Thousands)

FY 2022 Actuals	
<b>Drug Resources by Decision Unit</b>	
National Institute on Alcohol Abuse and Alcoholism (NIAAA)	
<b>Total Drug Resources by Decision Unit</b>	\$ 73,444
<b>Drug Resources by Function</b>	
Research and Development: Prevention	\$ 63,990
Research and Development: Treatment	\$ 9,453
<b>Total, Drug Resources by Function</b>	\$ 73,444

ATTACHMENT  
**Exhibit A**

(1) **Drug Methodology** – Actual obligations of prior year drug control budgetary resources are derived from the NIH research categorization and disease coding (RCDC) fingerprint for underage drinking and a manual review to identify projects related to prevention and treatment.

(a) **Obligations by Budget Decision Unit** – NIAAA’s budget decision units have been defined by ONDCP Circular, Budget Formulation, dated January 18<sup>th</sup>, 2013. NIAAA reports only a portion of the budget dedicated to treatment and prevention to ONDCP. This unit is referred to as:

- National Institute on Alcohol Abuse and Alcoholism

(b) **Obligations by Drug Control Function** – NIAAA distributes drug control funding into two functions, prevention and treatment:

- Research and Development Prevention
- Research and Development Treatment

(2) **Methodology Modifications** – none

(3) **Material Weaknesses or Other Findings** – none

(4) **Reprogrammings or Transfers** - none

(5) **Other Disclosures** - none

**DRUG CONTROL PROGRAMS**



National Institutes of Health  
National Institute on Drug Abuse  
Bethesda, Maryland 20892

**MEMORANDUM TO:** Director  
Office of National Drug Control Policy (ONDCP)

**THROUGH:** Norris Cochran  
Deputy Assistant Secretary for Budget  
Assistant Secretary for Financial Resources  
Office of the Secretary  
Department of Health and Human Services

**FROM:** Nathaniel Davis  
Chief Financial Officer  
National Institute on Drug Abuse

**SUBJECT:** Assertions Concerning Fiscal Year 2024 Budget Formulation  
Summer Submission

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular: National Drug Control Program Agency Compliance Reviews, dated September 9, 2021, I make the following assertions regarding the attached Budget Formulation Compliance Report:

**Timeliness of Summer Budget Submission**

I assert that the summer drug budget in response to ONDCP Circular Budget formulation, Section 9.a.(1) was submitted to ONDCP on June 13, 2022, in accordance with 21 U.S.C. § 1703(c)(1)(A).

**Funding Levels Represent Bureau-Level Request**

I assert that the funding request in the submission represents the funding levels in the budget submission made by the National Institute on Drug Abuse without alteration or adjustment by any official at the Department.



November 30, 2022

**MEMORANDUM TO:** Director Office of National Drug Control Policy

**THROUGH:** Norris Cochran  
Deputy Assistant Secretary for Budget  
Assistant Secretary for Financial Resources  
Office of the Secretary  
Department of Health and Human Services

**FROM:** Judit O'Connor  
Chief, Financial Management Branch  
National Institute on Alcohol Abuse and Alcoholism

**Judit O'Connor -S**  
Digitally signed by  
Judit O'connor -S  
Date: 2022.11.30  
09:05:41 -05'00'

**SUBJECT:** Assertions Concerning Fiscal Year 2024 Budget Formulation Summer  
Submission

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular: National Drug Control Program Agency Compliance Reviews, dated September 9, 2021, I make the following assertions regarding the attached Budget Formulation Compliance Report:

**Timeliness of Summer Budget Submission**

I assert that the summer drug budget in response to ONDCP Circular Budget formulation, Section 9.a.(1) was submitted to ONDCP on June 13, 2022, in accordance with 21 U.S.C. § 1703(c)(1)(A).

**Funding Levels Represent Bureau-Level Request**

I assert that the funding request in the submission represents the funding levels in the budget submission made by the National Institute on Alcohol Abuse and Alcoholism without alteration or adjustment by any official at the Department.