

Department of Health and Human Services
Office of Inspector General



Office of Audit Services

February 2026 | OAS-26-03-025

**National Institutes of Health Fiscal
Year 2025 Detailed Accounting
Submission and Fiscal Year 2027
Budget Formulation Compliance
Report for National Drug Control
Activities, and the Accompanying
Required Assertions**



U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

February 24, 2026

TO: Molly Cluster
Acting Chief Financial Officer
National Institute on Drug Abuse

Alicia Caffi
Chief, Financial Management Branch
National Institute on Alcohol Abuse and Alcoholism

FROM: /John D. Hagg/
Acting Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: *National Institutes of Health Fiscal Year 2025 Detailed Accounting Submission and Fiscal Year 2027 Budget Formulation Compliance Report for National Drug Control Activities, and the Accompanying Required Assertions, OAS-26-03-025*

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, 2025. We also reviewed the Budget Formulation Compliance Reports, which include budget formulation information for the fiscal year ending September 30, 2027, and the Chief Financial Officer's or accountable senior executive's assertions relating to the budget formulation information.¹ NIDA and NIAAA's management is 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 2025, NIDA and NIAAA's Budget Formulation Compliance Reports for fiscal year 2027, and management's assertions based on our review.

¹ Although NIDA and NIAAA's Budget Formulation Compliance Reports were provided to ONDCP as of fiscal year 2025, the budget figures reflect the fiscal year 2027 funding request.

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, as described in the U.S. Government Accountability Office publication *Government Auditing Standards* (February 2024). 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 2025 Detailed Accounting Reports and fiscal year 2027 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 NIDA and NIAAA’s 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 budgets timely and whether funding levels represented NIDA and NIAAA’s 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 2025 and NIDA and NIAAA’s Budget Formulation Compliance Reports for fiscal year 2027 and management’s assertions for them to be in accordance with the ONDCP Compliance Reviews Circular.

NIDA and NIAAA’s Detailed Accounting Reports and Budget Formulations Compliance Report assertions are included as Attachments A, B, C and D.²

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

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

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. Please refer to report number OAS-26-03-025 in all correspondence.

Obligations of prior year drug control budgetary resources are calculated as follows:

FY 2025 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. Projects related to overdose reduction and recovery are identified as subsets of the prevention and treatment grant portfolios, respectively.

As the lead NIH institute for research on addiction, NIDA’s work builds the evidence base for our Nation’s efforts to reduce harmful drug use and its risks, including overdose. NIDA’s comprehensive research portfolio addresses the full spectrum of addiction science, from understanding the fundamental neurobiology of substance use disorders (SUDs), to developing effective interventions for SUDs and overdose, to ensuring that these interventions reach all Americans who need them. This portfolio is responsive to the White House’s commitment to accelerate gains in four major areas of drug policy and public health: Overdose Reduction, Prevention of First Drug Use, Addiction Treatment, and Recovery. NIDA’s research on overdose reduction includes strategies to improve access to naloxone (which was developed through NIDA-funded studies) and to produce drug checking tools that can help people avoid fentanyl and other hazardous drugs. NIDA also continues working to understand risk and protective factors for first drug use and SUD, which will enable more effective prevention programs. NIDA strives to improve SUD treatment by expanding the reach of existing treatments, such as medications for opioid use disorder (MOUD), and by developing novel treatments, including neuromodulation devices and psychedelic-based approaches. Finally, NIDA prioritizes research to identify optimal, personalized recovery approaches and integrate them with medical approaches such as MOUD.

NIDA’s FY 2025 enacted budget was \$1,663,365,000 (\$1,308,070,000 for direct and \$355,295,000 for research relating to the Opioid Crisis). There was an HIV/AIDS transfer in the amount of \$670,000. NIDA obligated \$1,663,305,421 of the Annual Appropriation and \$59,579 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 2025 are described below for the FY 2025 column of the FY 2026 PB.

Methodology Modifications

I assert that there were no changes in the 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.

ATTACHMENT

Exhibit A

NATIONAL INSTITUTES OF HEALTH
 NATIONAL INSTITUTE ON DRUG ABUSE
 FY 2025 Actual Obligations
 (Dollars in Thousands)

I. RESOURCE SUMMARY - ANNUAL APPROP

	FY 2025 Actual	FY 2025 Lapse
Drug Resources by Decision Unit:		
National Institute on Drug Abuse	1,663,305	60
Total	1,663,305	60
Drug Resources by Function:		
Research and Development: Prevention	577,237	21
Research and Development: Overdose Reduction	113,833	4
Research and Development: Treatment	940,029	34
Research and Development: Recovery	32,206	1
Total	1,663,305	60

Differences Between (1) Actual Obligations and (2) the FY 25 Column of the FY 25 CJ (Amounts Available for Obligation table) and the National Drug Control Strategy Budget Summary
 (Dollars in Thousands)

Total 2024 Column of the FY 2025 CJ; National Drug Control Strategy	1,662,695
HIV/AIDS Transfer	670
Lapse of Funds	<u>-60</u>
Total Annual Obligations	1,663,305

Amounts Available for Obligation¹
(Dollars in Thousands)

Source of Funding	FY 2024 Final	FY 2025 Enacted	FY 2026 President's Budget ²
Appropriation	\$1,662,695	\$1,662,695	*
Mandatory Appropriation: (non-add)			
Type 1 Diabetes	\$0	\$0	
Other Mandatory financing	\$0	\$0	
Subtotal, adjusted appropriation	\$1,662,695	\$1,662,695	*
OAR HIV/AIDS Transfers	\$670	\$670	
Subtotal, adjusted budget authority	\$1,663,365	\$1,663,365	*
Unobligated balance, start of year	\$0	\$0	
Unobligated balance, end of year (carryover)	\$0	\$0	
Subtotal, adjusted budget authority	\$1,663,365	\$1,663,365	*
Unobligated balance lapsing	(\$49)	\$0	
Total obligations	\$1,663,316	\$1,663,365	*

¹Excludes the following amounts (in thousands) for reimbursable activities carried out by this account: FY 2024 - \$15,000, FY 2025 - \$17,995

²The FY 2026 President's Budget proposed the consolidation of several Institutes, including NIDA, into the National Institute of Behavioral Health, therefore no funding was identified specifically for NIDA.

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 obligations into four functions and lapsed funds are spread on a pro rata basis across the categories:
 - Research and Development: Prevention
 - Research and Development: Overdose 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. The Amount Available for Obligations table includes a transfer of \$670 thousand into NIDA in FY 2025 as part of the NIH-wide HIV/AIDS transfers under authority of Section 213 of the LHHHS division of the Further Consolidated Appropriations Act, 2025.
- (5) **Other Disclosures** - none

ATTACHMENT

Exhibit C**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, extramural contracts, and extramural taps. The system is used exclusively by the National Institute on Drug Abuse (NIDA) and 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 NIDA 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 use and addiction, 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



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service
National Institutes of Health

National Institute on Alcohol
Abuse and Alcoholism
6700B Rockledge Drive
Bethesda, MD 20892-6902

DATE: February 11, 2026
TO: Director
Office of National Drug Control Policy (ONDCP)

THROUGH: Teresa Miranda
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: Alicia Caffi
Chief, Financial Management Branch
National Institute on Alcohol Abuse and Alcoholism

ALICIA R. CAFFI -S
Digitally signed by ALICIA R. CAFFI
Date: 2026.02.11 12:00:59 -05'00'

SUBJECT: Fiscal Year 2025 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 research categorization and disease coding (RCDC) system for underage drinking research projects at the National Institute on Alcohol Abuse and Alcoholism after manual review to identify projects related to prevention and treatment, consistent with the methodology detailed below. A table of Prior Year



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health

National Institute on Alcohol

Abuse and Alcoholism

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Drug Control Obligations by Decision Unit and Drug Control Function is included as part of Exhibit A.

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 7 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.



DEPARTMENT OF HEALTH & HUMAN SERVICES

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National Institute on Alcohol

Abuse and Alcoholism

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Bethesda, MD 20892-6902

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 7b(3) of the Circular.

Material Weakness or Other Findings

I assert 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.

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.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service
National Institutes of Health

National Institute on Alcohol
Abuse and Alcoholism
6700B Rockledge Drive
Bethesda, MD 20892-6902

NATIONAL INSTITUTES OF
HEALTH
NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM
FY 2025 ACTUAL OBLIGATIONS
(Dollars in Thousands)

FY 2025 Actuals	
Drug Resources by Decision Unit	
National Institute on Alcohol Abuse and Alcoholism (NIAAA)	
Total Drug Resources by Decision Unit	\$ 67,186
Drug Resources by Function	
Research and Development: Prevention	\$ 58,854
Research and Development: Treatment	\$ 8,332
Total, Drug Resources by Function	\$ 67,186

Amounts shown represent budget authority as well as obligations.

ATTACHMENT **Exhibit A**



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health

National Institute on Alcohol

Abuse and Alcoholism

6700B Rockledge Drive
Bethesda, MD 20892-6902

- (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 September 9th, 2021. 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



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

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

DATE: January 14, 2026

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

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

FROM: Molly Cluster
Acting Chief Financial Officer
National Institute on Drug Abuse

SUBJECT: Assertions Concerning Fiscal Year 2027 Budget Formulation
Summer Submission

MOLLY I. CLUSTER-S
Digitally signed by
MOLLY I. CLUSTER-S
Date: 2026.01.14
16:29:44 -05'00'

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 August 4, 2025, 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.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service
National Institutes of Health

National Institute on Alcohol
Abuse and Alcoholism
6700B Rockledge Drive
Bethesda, MD 20892-6902

DATE: February 13, 2026

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

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

FROM: Alicia R. Caffi ALICIA.R.CAFFI-S Digitally signed by Alicia R. Caffi-S
Date: 2026.02.13 11:04:40-0500
Chief, Financial Management Branch
National Institute on Alcohol Abuse and Alcoholism

SUBJECT: Assertions Concerning Fiscal Year 2027 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 August 4, 2025, in accordance with 21 U.S.C. § 1703(e)(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.

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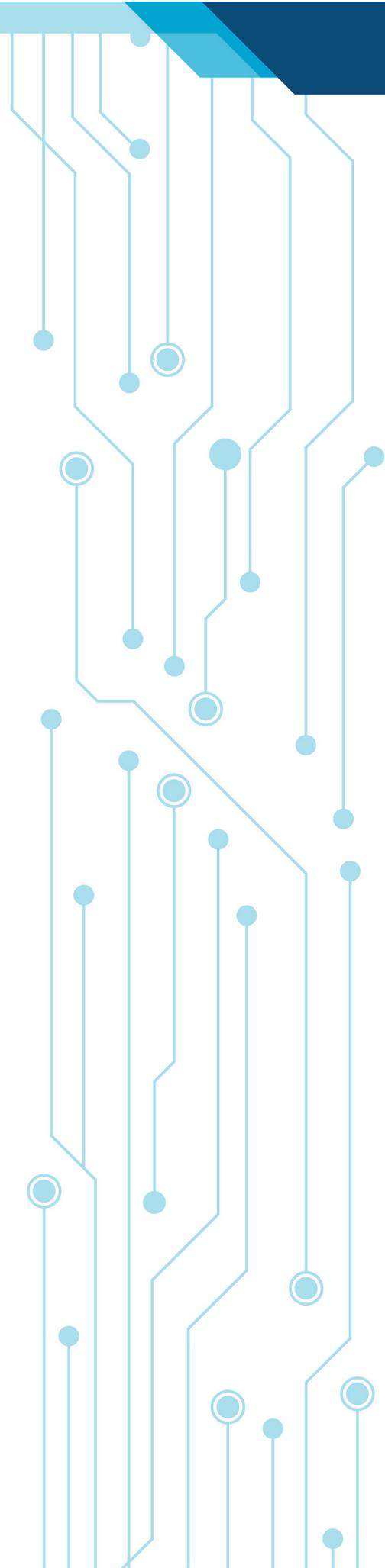
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