




EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

**ONDCP Circular: National Drug Control Program Agency
Compliance Reviews**

September 9, 2021

TO: THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

FROM: REGINA M. LABELLE, ACTING DIRECTOR 

SUBJECT: NATIONAL DRUG CONTROL PROGRAM AGENCY COMPLIANCE REVIEWS

1. **Purpose.** This circular provides the policies and procedures to be used by National Drug Control Program agencies in budget formulation reporting, and the detailed accounting and authentication of all funds expended on National Drug Control Program activities in the last completed fiscal year.
2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *National Drug Control Program Agency Compliance Reviews*, dated October 22, 2019.
3. **Authority.** The Accounting of Drug Control Funding and Grant Reporting information required by this circular are based on the following statutory provisions:
 - a. 21 U.S.C. § 1704(d) provides that –
 - “(1) Not later than February 1 of each year, in accordance with guidance issued by the Director, the head of each National Drug Control Program Agency shall submit to the Director a detailed accounting of all funds expended by the agency for National Drug Control Program activities during the previous fiscal year and shall ensure such detailed accounting is authenticated for the previous year by the Inspector General for such agency prior to the submission to the Director as frequently as determined by the Inspector General but not less frequently than every 3 years.
 - (2) The Director shall submit to Congress not later than April 1 of each year the information submitted to the Director under paragraph (1).”
4. **Definitions.** As used in this circular, key terms related to the National Drug Control Program and budget are defined in Section 4 of the ONDCP Circular, *Budget Formulation*, dated September 9, 2021. These terms include: National Drug Control

Program, National Drug Control Program agency, Bureau, Drug Methodology, Drug Control Functions, and Budget Decision Units. Further, Reprogrammings and Fund Control Notices referenced in Section 7 of this circular are defined in Section 7 and Section 9, respectively, of the ONDCP Circular, *Budget Execution*, dated September 9, 2021.

5. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies.
6. **Budget Formulation Compliance Report.** Not later than February 1 each year, the Chief Financial Officer (CFO), or other accountable senior executive, shall prepare a Budget Formulation Compliance Report to the Director, ONDCP. For agencies with no bureaus, this submission shall be a single report, as defined by this section. For agencies with bureaus, the Budget Formulation Compliance Submission shall consist of reports, as defined by this section, from the agency's bureaus. Each report must include (a) summer budget formulation information and (b) assertions by the CFO or accountable senior executive relating to the summer budget formulation information. Report elements are further detailed below:
 - a. **Summer Budget Formulation Information** – Each report shall include the sections described below that provide:
 - (1) **Summer Drug Budget Transmittal** – The report shall state the date the summer budget was submitted to ONDCP under ONDCP Circular: Budget Formulation, Section 9.a.(1).
 - (2) **Summer Drug Budget Resource Summary Table** – The report shall include a copy of the funding tables submitted to ONDCP under ONDCP Circular: Budget Formulation, Section 9.a.(2).
 - b. **Assertions** – Each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required under Section 6a:
 - (1) **Timeliness of Summer Budget Submission** – Reports shall include an assertion that summer drug budget submitted to ONDCP on the date reported in Section 6.a.(1) was provided to ONDCP at the same time as that budget request is submitted to their superiors accordance with 21 U.S.C. § 1703(c)(1)(A). If the agency transmittal letter or email indicates no budget data covered by ONDCP Circular: Budget *Formulation*, Section 9, was transmitted to the agency for review, an assertion shall be made to affirm the accuracy of the information contained in the transmittal letter or email.
 - (2) **Funding Levels Represent Bureau-Level Request** – Reports shall include an assertion 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.

7. **Detailed Accounting Report.** Not later than February 1 each year, the Chief Financial Officer (CFO), or other accountable senior executive, shall prepare a Detailed Accounting Report to the Director, ONDCP. For agencies with no bureaus, this submission shall be a single report, as defined by this section. For agencies with bureaus, the Detailed Accounting Submission shall consist of reports, as defined by this section, from the agency's bureaus. Each report must include (a) the drug control funding obligations and (b) assertions by the CFO or accountable senior executive relating to the data and information presented on prior year obligations. Report elements are further detailed below:
 - a. **Drug Control Funding Obligations** – Each report shall include the sections described below that provide:
 - (1) **Table of Prior Year Drug Control Obligations by Decision Unit and Drug Control Function** – The report shall include a table displaying all drug control budget authority appropriated or otherwise available and obligations against that budget authority for the most recently completed fiscal year. The budget authority and obligations in the table should be displayed at the same level of detail as required in ONDCP Circular: *Budget Execution*, Section 6.a.(1). For agencies/bureaus with multi-year budget authority, funding levels should be presented by fiscal year for all non-expired (multi-year) budget authority¹.
 - (2) **Drug Methodology** – The drug methodology shall provide a detailed description of how the agency or bureau calculates drug control funding levels reported to ONDCP by decision unit and function as presented in the Table of Prior Year Drug Control Obligations. The drug methodology shall include sufficient detail to explain fully the derivation of all drug control decision unit from data reported in the agency's / bureau's financial system and the derivation of drug control function funding from decision unit data.
 - (3) **Methodology Modifications** – If the drug methodology was modified from the previous year, the submission shall include a brief description of the methodological change and a table displaying the budget authority levels, by decision unit and function, using the new methodology and those that would have been reported under the old methodology.
 - (4) **Material Weaknesses or Other Findings** – Any material weakness or other findings by independent sources, or other known weaknesses, including those identified in the Agency's Annual Statement of Assurance, which may affect the

¹ The budget authority levels in the table should be net of any reprogrammings, transfers, rescissions, or other actions that would affect the available budget authority. Section 9.a.(2) of ONDCP Circular, *Budget Formulation*, dated September 9, 2021 contains additional guidance on calculating and presenting budget authority levels for the drug control program.

presentation of prior year drug-related obligations data, shall be highlighted. This by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions taken, currently underway, or contemplated shall be identified.

(5) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources for all non-expired appropriations shall be identified. For each such reprogramming or transfer, the impact on drug-related budget authority shall be identified.

(6) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.

b. **Assertions** – Each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required by Section 6a:

(1) **Obligations by Budget Decision Unit** – Reports shall include an assertion that obligations reported by budget decision unit are the actual obligations derived from the bureau’s accounting system of record for these Budget Decision Units or are consistent with the application of the approved methodology, as required by ONDCP Circular: *Budget Formulation*, Section 7, for calculating drug control funding against the bureau’s accounting system of record for these Budget Decision Units.

(2) **Drug Methodology** – An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources decision unit and by function. The criteria associated with this assertion are as follows:

a) **Data** – The methodology should be based on reliable data. Reliability considers the data’s availability, timeliness, and relevance. For example, if a methodology considers workload or another activity base, then the source of these data and the current connection to drug control obligations should be described in the report.

b) **Financial Systems** – The methodology should describe the relationship of decision units reported to ONDCP and the programs/activities as reported in the financial system. Application of the methodology to obligations data reported in the financial system should yield data that fairly present, in all material respects, aggregate obligations presented in the Table of Prior Year Obligations.

(3) **Application of Drug Methodology** – An assertion that the drug methodology

disclosed Section 7.a.(2) was the actual methodology used to generate the table required by Section 7.a.(1). Calculations must be sufficiently well documented to independently reproduce these data. Calculations should also provide a means to ensure consistency of data between reporting years.

- (4) **Material Weaknesses or Other Findings** – An assertion shall be made that all material weaknesses or other findings by independent sources, or other known weaknesses, including those identified in the Agency’s Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations as required by Section 7.a.(4) have been disclosed.
 - (5) **Methodology Modifications** – An assertion shall be made as to whether any modifications were made to methodology for reporting drug control resources from the previous year’s reporting and, if a modification is reported, whether the modification was approved by ONDCP.²
 - (6) **Reprogrammings or Transfers** – Further, each report shall include an assertion 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)).
 - (7) **Fund Control Notices** – Each report shall also include an assertion 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*.
8. **Inspector General Authentication.** Each report defined in Sections 6 and 7 shall be provided to the agency’s Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in each report.
- a. **Review Standard** – For the purpose of reviews conducted under this section, ONDCP anticipates that IG engagement will be an attestation review, consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants.
 - b. **Frequency** – Consistent with the requirements of 21 U.S.C. § 1704(d)(1), the Inspector General shall determine the frequency with which to conduct an attestation review of accounting reports, but such reviews shall be conducted not less frequently than every 3 years. ONDCP encourages Inspectors General to adopt a system in which it is not predictable or known to the agency in advance whether

² For changes that did not receive prior approval, the agency or bureau shall submit such changes to ONDCP for approval under separate cover.

an attestation review will be conducted in any given year (i.e. not doing a review on a predictable three year cycle). Budget Formulation Compliance Reports shall be reviewed with the same frequency and at the same time as Detailed Accounting Reports.

c. **Notification** – If the Office of Inspector General conducts an attestation review, as allowed by Section 8.b. above, the Inspector General shall provide the National Drug Control Program agency with a notification to that effect. The Chief Financial Officer (CFO), or other accountable senior executive, shall include this notification in the Detailed Accounting report submitted to ONDCP.

d. **Unreasonable Burden Exception** – An agency or bureau included in the National Drug Control Budget with prior year drug-related obligations of less than \$50 million may request an exemption from the Inspector General Authentication review required by Section 8.

(1) Unreasonable Burden Attestation – The CFO or an accountable senior executive of an agency or bureau with prior year drug-related obligations of less than \$50 million may include a statement in the reports required under Sections 6 and 7 attesting compliance with the Inspector General Authentication requirements of Section 8 of this Circular would constitute an unreasonable reporting burden.

(2) Reports submitted with the exemption allowed under Section 8.d. and the statement allowed under Section 8.d.(1) will be considered to have met the statutory reporting requirements under 21 U.S.C. § 1704(d) unless ONDCP notifies the agency or bureau that it must meet the full reporting requirements of this Circular.

9. **Due Dates and Point of Contact.** Agency management must submit reports to their Office of Inspector General in sufficient time to allow for review and Inspector General authentication under Section 8 of this Circular. Each agency CFO, or accountable senior level executive, shall transmit a Budget Formulation Compliance Report and Detailed Accounting Report, as defined in Sections 6 and 7, along with the IG’s authentications, as defined in Section 8, by February 1 of each year to the Performance Budget Coordinator at performancebudgetcoordinator@ondcp.eop.gov.