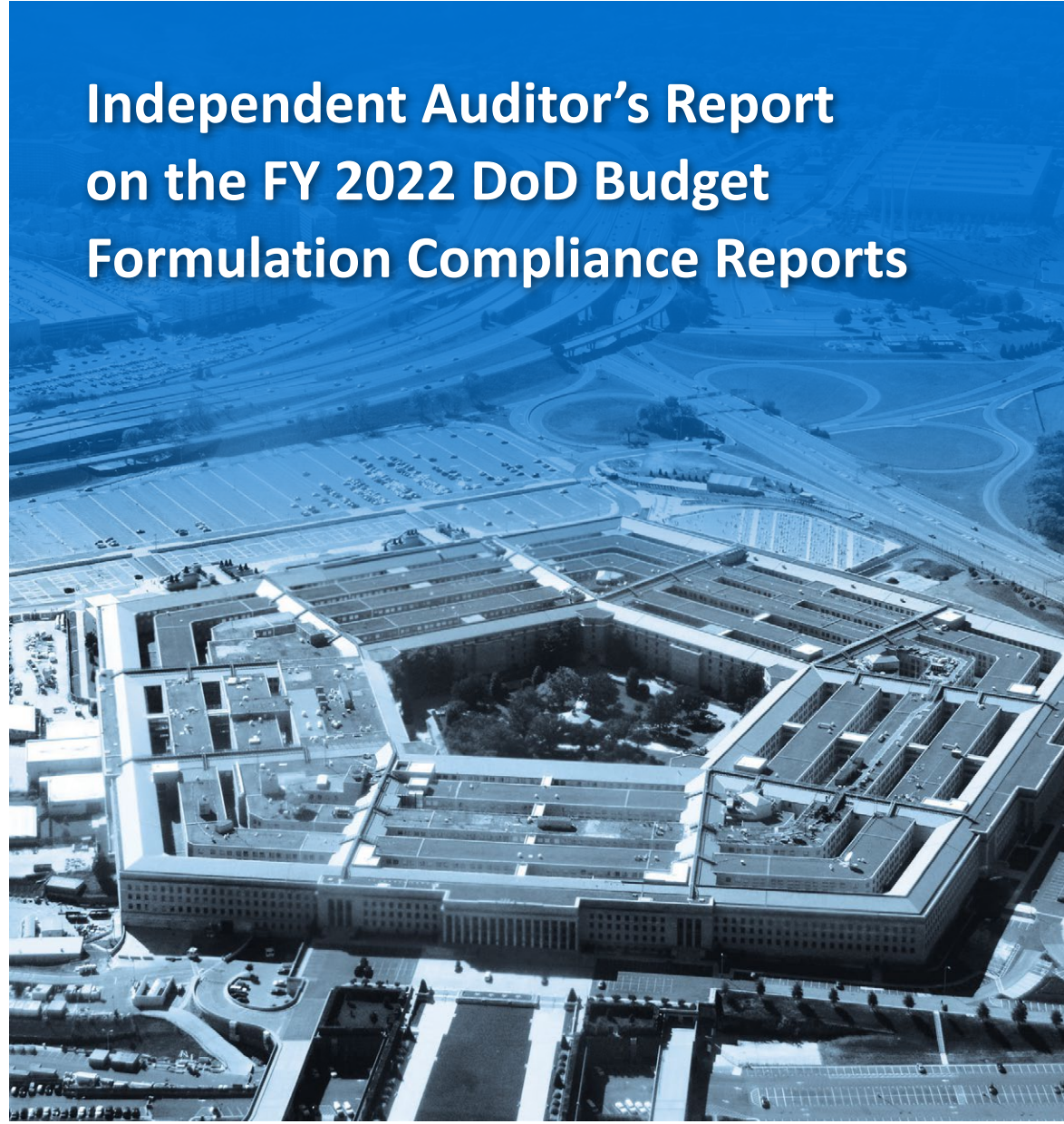




# INSPECTOR GENERAL

*U.S. Department of Defense*

JANUARY 31, 2023



## Independent Auditor's Report on the FY 2022 DoD Budget Formulation Compliance Reports

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





**OFFICE OF INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

January 31, 2023

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)  
DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(COUNTERNARCOTICS AND STABILIZATION POLICY)  
DIRECTOR, DEFENSE SECURITY COOPERATION AGENCY  
DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY

SUBJECT: Independent Auditor's Report on the FY 2022 DoD Budget Formulation Compliance Reports (Project No. D2023-D000FT-0015.000, Report No. DODIG-2023-049)

We have reviewed the FY 2022 DoD budget formulation compliance reports and the related assertions within those reports. DoD management is responsible for its assertions. Our responsibility is to express a conclusion on the DoD budget formulation compliance reports based on our review.

The Office of National Drug Control Policy (ONDCP) Circular, "National Drug Control Program Agency Compliance Reviews," September 9, 2021 (the Circular), requires a budget formulation compliance report be provided to the Director of ONDCP by February 1 of each year. The Circular provides the policies and procedures that National Drug Control Program agencies must use to prepare the budget formulation compliance reports. The agency's Chief Financial Officer or other accountable senior executive is responsible for preparing the budget formulation compliance reports. Each report includes sections on summer budget formulation information and assertions relating to the budget data.\*

The summer budget formulation information sections are:

- the date the entity submitted the summer budget to ONDCP, and
- a copy of the funding tables submitted to ONDCP.

The assertions are:

- that the entity provided the summer budget submission in a timely manner, and
- that a statement from the DoD entity that the funding levels requested in the summer budget submission represents the funding levels in the submission without adjustments.

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\* DoD agencies do not have a summer budget process. The annual counterdrug budget submission for DoD agencies coincides with the overall Defense budget submission and is aligned with the DoD's Planning, Programming, Budgeting, and Execution (PPBE) methodology. The PPBE timeline is jointly published by the Under Secretary of Defense, Comptroller and the Director for Cost Assessments and Program Evaluation. The PPBE timeline defines all Defense Components' requirements for the annual budget estimates in the fall, leading to the submission of the President's Budget Request to both Congressional Authorization and Appropriation committees in the winter. For purposes of this review, we used each agency's fall budget submission.

We performed this review-level attestation in accordance with attestation standards established by the American Institute of Certified Public Accountants and in compliance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the budget formulation compliance reports for them to be in accordance with the Circular. The procedures performed in a review-level attestation 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 the budget formulation compliance reports are in accordance with the Circular, in all material respects, to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained if we had performed an examination. We believe that the review evidence we obtained was sufficient and appropriate to provide a reasonable basis for our conclusions.

We were required to be independent and to meet our ethical responsibilities in accordance with the relevant ethical principles related to engagements conducted in accordance with generally accepted government auditing standards.

The ONDCP National Drug Control Budget, “FY 2023 Funding Highlights,” March 2022, identified that the DoD has three agencies that have Federal drug control spending: the Defense Health Program (DHP), Deputy Assistant Secretary of Defense (Counter narcotics and Stabilization Policy) (DASD[CNSP]) Drug Interdiction and Counterdrug Activities, and the Defense Security Cooperation Agency (DSCA).

## **DHP**

The Defense Health Agency, on behalf of the DHP, provided the DoD OIG the DHP budget formulation compliance report, dated October 7, 2022, that we reviewed to determine compliance with the Circular. The report contained budget data and addressed the required assertion that funding levels represented bureau level requests. The report did not address the assertion related to the timeliness of the summer budget submission, as the DHP did not submit a summer budget. The DHP annual counterdrug budget submission is aligned with the DoD’s PPBE timeline.

## **DASD (CNSP)**

### ***Drug Interdiction and Counterdrug Activities***

The DASD(CNSP) provided the DoD OIG the Drug Interdiction and Counterdrug Activities budget formulation compliance report, dated September 29, 2022, that we reviewed to determine compliance with the Circular. The report contained budget data and addressed the required assertion that funding levels represented bureau level requests. The report did

not address the assertion related to the timeliness of the summer budget submission, as the DASD(CNSP) did not submit a summer budget. The DASD(CNSP) annual counterdrug budget submission is aligned with the DoD's PPBE timeline.

## DSCA

The DSCA provided the DoD OIG the DSCA budget formulation compliance report, dated October 19, 2022, that we reviewed to determine compliance with the Circular. The report contained budget data and addressed the required assertion that funding levels represented bureau-level requests. The report did not address the assertion related to the timeliness of the summer budget submission, as the DSCA did not submit a summer budget. The DSCA annual counterdrug budget submission is aligned with the DoD's PPBE timeline.

## Conclusion

Based on our review, except for the matters described above, we are not aware of any material modifications that should be made to the DoD budget formulation compliance reports for them to be in accordance with the Circular.

The purpose of this report was to provide limited assurance over the DoD budget formulation compliance reports and the assertions contained within those reports. This report is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.



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