Mission
Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.

Vision
Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.

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MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(COUNTERNARCOTICS AND GLOBAL THREATS)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY


The “ONDCP Circular: Accounting of Drug Control Funding and Performance Summary,” January 18, 2013, (the Circular) provides the policies and procedures DoD must use to prepare the Report and authenticate the DoD funds expended on National Drug Control Program activities. The Circular specifies that the Report must contain a table of prior year drug control obligations, listed by functional area, and include assertions relating to the obligation data presented in the table.

The Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (DASD [CN & GT]) was responsible for the detailed accounting of funds obligated and expended by DoD for the National Drug Control Program for FY 2015.

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 attestation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our attestation objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our attestation objective. A review-level attestation is substantially less in scope than an examination done to express an opinion on the subject matter. Accordingly, we do not express an opinion.
We reviewed three DoD reprogramming actions that allocated $1.3 billion among the Military Departments, National Guard, and Defense agencies. We reviewed the yearend obligation report and determined that DASD (CN & GT) allocated the funds to appropriations and project codes intended for the DoD Counterdrug Program.

DASD (CN & GT) provided us the Report, dated December 7, 2015. We reviewed it to determine its compliance with the Circular. The detailed accounting indicated that during FY 2015, DoD obligated $1.12 billion to the Counterdrug Program functional areas. DASD (CN & GT) compiled the Report from data submitted by the Military Departments and other DoD Components. The Report is attached.

DASD (CN & GT) initially reprogrammed the funds from the Central Transfer Account to the DoD Components using project codes. The DoD Components provided yearend obligation data to DASD (CN & GT) through the DASD (CN & GT) database, which compiled the data into one obligation report. To present the obligations by functional area as required by the Circular, DASD (CN & GT) applied percentages to each project code in the consolidated report to compute the amounts presented in the table of obligations, instead of obtaining the information directly from the accounting systems.

Except for DASD (CN & GT)’s use of percentages to calculate the obligations presented by functional area, nothing came to our attention during our review that caused us to believe the detailed accounting of funds obligated by DoD on the National Drug Control Program for FY 2015 or the associated assertions were not presented fairly, in all material respects, in conformity with the Circular.

Attachment:
As stated
Mr. Scott Chronister  
Office of Performance and Budget  
Office of National Drug Control Policy  
750 17th Street, NW  
Room 535  
Washington, DC 20505  

Dear Mr. Chronister:  

The drug methodology used to calculate obligations by drug control function of Fiscal Year 2015 budgetary resources is reasonable and accurate. The obligation table in Tab A was generated by the methodology as reflected in Tab B. The obligations are associated with a financial plan that properly reflects all changes made during the fiscal year. Performance reporting will be addressed under separate correspondence. My point of contact for this action is:  

Enclosures:  
As stated.  

CF:  
DODIG
Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (cont’d)

<table>
<thead>
<tr>
<th>ONDCP Resource Categories</th>
<th>FY-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligence, Drug Law Enforcement</td>
<td>4,944</td>
</tr>
<tr>
<td>Intelligence, Interdiction</td>
<td>27,894</td>
</tr>
<tr>
<td>Intelligence, International</td>
<td>624,444</td>
</tr>
<tr>
<td>Investigation</td>
<td>341,847</td>
</tr>
<tr>
<td>Prosecution</td>
<td>10,814</td>
</tr>
<tr>
<td>State and Local Assistance</td>
<td>105,112</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,117,048</strong></td>
</tr>
</tbody>
</table>

This amount includes a 0.07% obligation rate for MILPERS and a 0.87% obligation rate for O&M. Investment appropriations, which are multi-year, are currently obligated at 0.35%.

**Drug Resources Personnel Summary**

| Total FTEs | 1,665 |
Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (cont’d)

DRUG METHODOLOGY

Central Transfer Account

The Counternarcotics Central Transfer Account (CTA) was established in PBD 678 in November 1989. Under the CTA, funds are appropriated by Congress to a single budget line, not to the Services baselines. The CTA accounts for all counternarcotics resources for the Department of Defense with the exception of OPEF/MILPERS. Funds are reprogrammed from the CTA to the Services and Defense Agencies in the year of execution. The CTA allows for greater execution flexibility in the counternarcotics program with the ability to realign resources to address changes in requirements. The CTA is essential to respond effectively to the dynamic nature of the drug threat.

The Office of National Drug Control Policy (ONDCP) reports within the National Drug Control Strategy the amount of funds appropriated to the counternarcotics CTA. The actual obligations for the counternarcotics program for a particular fiscal year differ from the amount released to the CTA since some of the DoD counternarcotics effort is executed with multi-year funding.

The reprogramming process begins with reprogramming documents (DD1415-3 and DD1105) prepared by the Office of the Deputy Assistant Secretary of Defense for Counternarcotics & Global Threats and forwarded to DoD Comptroller. Funds are reprogrammed to the applicable appropriation/budget activity at the Service/Defense Agency by project (e.g., Navy’s Fleet Support, Tethered Aerosol System, ROTHR). The internal reprogramming action requires no congressional notification/approval.

The Services/Defense Agencies have their own internal accounting systems for tracking obligations of funds transferred from the Counternarcotics CTA. The following examples provide the process of how obligations are tracked:

- The Army Budget Office receives obligation data from the Funds Enterprise & Business System (FPEBS) where it is tracked on a daily and monthly basis.

- The Air Force uses the USAF General Accounting & Finance System (GAFS) and the Commanders Resources Integration System (CRIS) to track obligations. Both of these systems are utilized for Counternarcotics obligations and commitments. These systems interface directly with the Defense Accounting and Finance System (DFAS).

- The Navy uses the Standard Accounting and Reporting System, Field Level (STARSFL) and the Marine Corps uses the Standard Accounting Budgeting and Reporting System (SABRS) which provide the means of tracking allocated counternarcotics funds through the life cycle of the appropriation at the activity/field level. Navy counternarcotics funding is recorded under separate cost centers and sub-cost centers, with a line of accounting consisting of subhead, project units and cost codes specifically for counternarcotics obligation tracking.

- The Army and Air National Guard employs a central accounting service from DFAS to consolidate, aggregate, and report on funds as they are committed, obligated, and expended. The Army State and Federal Program Accounting Codes and the Air Accounting Codes provide funds-tracking mechanisms to reconcile funding at various levels of reporting and execution. The funds are tracked by General Funds Enterprise & Business System (GFEBS).
Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (cont’d)

The Services/Defense Agencies provide quarterly obligation reports by project code to the Office of the Deputy Assistant Secretary of Defense for Counternarcotics & Global Threats (CN&GT). Beginning in FY 2008, the collection of obligation data has been via the counternarcotics database and compiled into a single counternarcotics obligation report. The obligation and expenditure data provided by the Services/Defense Agencies are compared against their total annual counternarcotics funding for each appropriation. At the end of the year, the Services/Defense Agencies provide an end of year data which reflects their actual obligations, versus an estimate. The quarterly obligation data is collected by project code, not by the drug control function. In order to comply with ONDCP’s circular and provide obligation data by function, it has been necessary to use percentages for each project code.
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For more information about DoD IG reports or activities, please contact us:

Congressional Liaison
congressional@dodig.mil; 703.604.8324

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