



Review of the Drug Enforcement Administration's Accounting of Drug Control Funding Fiscal Year 2024



AUDIT DIVISION

25-029

FEBRUARY 2025

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report because it contained information that the Department identified as pre-decisional budget information.



EXECUTIVE SUMMARY

Review of the Drug Enforcement Administration's Accounting of Drug Control Funding Fiscal Year 2024

Objective

Pursuant to 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, dated September 9, 2021 (the Circular), the U.S. Department of Justice Drug Enforcement Administration (DEA) is required to submit to the Director of ONDCP a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year. Additionally, at least every 3 years, the Office of the Inspector General (OIG) is required by the Circular to authenticate and express a conclusion about the reliability of the detailed accounting of funds prior to DEA management's submission to the ONDCP.

Results in Brief

The OIG concluded that it is not aware of any material modifications that should be made to the detailed accounting of drug control funding for the year ended September 30, 2024, in order for it to be in accordance with the Circular.

Recommendations

No recommendations were provided in this report.

Audit Results

The OIG performed an attestation review of the DEA's detailed accounting of all funds expended for National Drug Control Program activities during the year ended September 30, 2024. The detailed accounting includes the Budget Formulation Compliance Report (BFCR), Detailed Accounting Report (DAR), and related assertions by DEA management. The DEA reported approximately \$3.28 billion of drug control obligations for fiscal year 2024.

The purpose of the review was to express a conclusion about whether we are aware of any material modifications that should be made to the BFCR, DAR, or related assertions in order for them to be in accordance with the requirements set forth in the Circular. We concluded that we are not aware of any such material modifications. For fiscal year 2023, the OIG also concluded that no material modifications were needed to DEA's submission to the ONDCP (OIG Audit Division Report Number 24-028).

The review was performed in accordance with the attestation standards contained in Government Auditing Standards. 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 of the subject matter in order to express an opinion. Accordingly, we do not express such an opinion.

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OFFICE OF THE INSPECTOR GENERAL'S INDEPENDENT REVIEW REPORT

Acting Administrator
Drug Enforcement Administration

We have reviewed the accompanying Budget Formulation Compliance Report (BFCR) and Detailed Accounting Report (DAR) of the U.S. Department of Justice (DOJ) Drug Enforcement Administration (DEA) for the fiscal year ended September 30, 2024. DEA management is responsible for the preparation of the BFCR and DAR in accordance with the Office of National Drug Control Policy (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, dated September 9, 2021 (the Circular). Our responsibility is to express a conclusion on management's assertions based on our review.

Our review was conducted in accordance with standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require us to plan and perform the review to obtain limited assurance about whether any material modifications should be made to the BFCR, DAR, or related assertions in order for them to be in accordance with the Circular. 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 the BFCR, DAR, and related assertions are in accordance with the Circular, in all material respects, in order 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 had an examination been performed. We believe that the review evidence obtained is sufficient 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.

Based on our review, we are not aware of any material modifications that should be made to the BFCR, DAR, or related assertions for the year ended September 30, 2024, in order for them to be in accordance with the requirements set forth in the Circular.

The purpose of this report is to authenticate the BFCR and DAR as required by the Circular based on our review and is not suitable for any other purpose. This report is intended solely for the information and use of the DOJ, DEA, and the ONDCP, and is not intended to be, and should not be, used by anyone other than the specified parties.

Kelly A. McFadden, CPA
Director, Financial Statement Audit Office
U.S. Department of Justice Office of the Inspector General
Washington, D.C.
January 17, 2025



U. S. Department of Justice
Drug Enforcement Administration

www.dea.gov

Budget Formulation Compliance Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2024

On the basis of the Drug Enforcement Administration's (DEA) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021, we assert that the DEA's system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The summer drug budget submitted to ONDCP in response to ONDCP Circular, Budget Formulation, Section 9.a.(1) was submitted to ONDCP at the same time as that budget request was submitted to the Department of Justice management in accordance with 21 U.S.C § 1703(c)(1)(A).
2. The funding requests submitted to ONDCP in the Summer Drug Budget Resource Summary Table represents the funding levels in the budget submission made by the DEA to the Department without alteration or adjustment by any official at the Department.

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Diane M. Parks, Chief Financial Officer

Date

Department of Justice - Drug Enforcement Administration

Dollars in Millions - Total Drug Resources

| Resource Summary | FY 2024 Enacted | FY 2025 President's Budget | FY 2026 Spring Call |
|---|----------------------------|---|--------------------------------|
| Drug Resources by Budget Decision Unit and Function: | | | |
| Decision Unit #1: Domestic Enforcement | | | |
| Investigations | 1,921.579 | 2,014.956 | |
| Intelligence: Domestic Law Enforcement | 151.585 | 158.951 | |
| Prevention | 5.283 | 5.540 | |
| Harm Reduction | 0.144 | 0.151 | |
| Total, Decision Unit #1 | \$2,078.591 | \$2,179.598 | |
| Decision Unit #2: International Enforcement | | | |
| International | 449.529 | 458.120 | |
| Intelligence: International | 25.959 | 26.455 | |
| Harm Reduction | 0.002 | 0.003 | |
| Total, Decision Unit #2 | \$475.490 | \$484.578 | |
| Decision Unit #3: State and Local Assistance | | | |
| State and Local Assistance | 12.919 | 12.824 | |
| Total, Decision Unit #3 | \$12.919 | \$12.824 | |
| Decision Unit #4: Diversion Control Fee Account | | | |
| Investigations | 558.328 | 622.372 | |
| Intelligence: Domestic Law Enforcement | 22.755 | 25.365 | |
| Prevention | 3.555 | 3.962 | |
| Harm Reduction | 0.022 | 0.024 | |
| Total, Decision Unit #4 1/ | \$584.660 | \$651.723 | |
| Total Funding | \$3,151.660 | \$3,328.723 | |
| Drug Resources Personnel Summary | | | |
| Total FTEs (direct only) | 8,086 | 8,414 | |
| Drug Resources as a Percent of Budget | | | |
| Total Agency Budget (in Billions) | \$3.2 | \$3.3 | |
| Drug Resources Percentage | 100.0% | 100.0% | |

1/ 1/ FY24 Enacted: 620,000 + -35,340 (sequester amount) = \$584,660



U. S. Department of Justice
Drug Enforcement Administration

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Detailed Accounting Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2024

On the basis of the Drug Enforcement Administration (DEA) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021, we assert that the DEA system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. The drug control obligations reported by budget decision unit represents the actual obligations derived from the DEA's accounting system of record for these Budget Decision Units.
2. The drug methodology used by the DEA to calculate obligations of budgetary resources by function and budget decision unit is reasonable and accurate in all material respects.
3. The drug methodology disclosed in the Detailed Accounting Report was the actual drug methodology used to generate the Table of Drug Control Obligations.
4. There were no material weaknesses or other findings by independent sources identified which may affect the presentation of drug-related obligations.
5. There were no modifications to the methodology used to report drug control resources.
6. The data presented are associated with obligations against a financial plan that did not require revision during FY 2024 for reprogrammings or transfers affecting drug-related resources that individually or in aggregate exceed \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget.
7. DEA did not have any ONDCP Fund Control Notices issued in FY 2024.

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PARKS**

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Diane M. Parks, Chief Financial Officer

Date

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Report
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2024
(Dollars in Millions)**

| | FY 2024 Actual Obligations |
|--|---|
| Drug Resources by Budget Decision Unit and Function: | |
| Diversion Control Fee Account | |
| Intelligence | \$ 23.93 |
| Investigations | 565.65 |
| Prevention | 6.18 |
| Harm Reduction | 0.01 |
| Total Diversion Control Fee Account | \$ 595.77 |
| | |
| Domestic Enforcement | |
| Intelligence | \$ 165.03 |
| Investigations | 2,012.49 |
| Prevention | 4.52 |
| Harm Reduction | 0.10 |
| Total Domestic Enforcement | \$ 2,182.14 |
| | |
| International Enforcement | |
| Intelligence | \$ 24.88 |
| International | 462.72 |
| Prevention | - |
| Harm Reduction | 0.02 |
| Total International Enforcement | \$ 487.62 |
| | |
| State and Local Assistance | |
| State and Local Assistance | \$ 11.66 |
| Total State and Local Enforcement | \$ 11.66 |
| | |
| Total Obligations | \$ 3,277.19 |
| | |
| High-Intensity Drug Trafficking Area (HIDTA) Obligations | \$ 16.69 |
| Organized Crime Drug Enforcement Task Force (OCDETF) Resources | \$ 184.90 |

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Report
Related Disclosures
For Fiscal Year Ended September 30, 2024**

Disclosure 1: Drug Methodology

The mission of the Drug Enforcement Administration (DEA) is to enforce the controlled substances laws and regulations of the United States and to bring to the criminal and civil justice system of the United States or any other competent jurisdiction, those organizations, and principal members of organizations, involved in the growing, manufacture, or distribution of controlled substances appearing in or destined for illicit traffic in the United States; and to recommend and support non-enforcement programs aimed at reducing the availability of illicit controlled substances on the domestic and international markets. In carrying out its mission, the DEA is the lead agency responsible for the development of the overall Federal drug enforcement strategy, programs, planning, and evaluation. The DEA's primary responsibilities include:

- Investigation and preparation for prosecution of major violators of controlled substances laws operating at interstate and international levels;
- Management of a national drug intelligence system in cooperation with Federal, state, local, and foreign officials to collect, analyze, and disseminate strategic and operational drug intelligence information;
- Seizure and forfeiture of assets derived from, traceable to, or intended to be used for illicit drug trafficking;
- Enforcement of the provisions of the Controlled Substances Act and the Chemical Diversion and Trafficking Act as they pertain to the manufacture, distribution, and dispensing of legally produced controlled substances and chemicals;
- Coordination and cooperation with Federal, state and local law enforcement officials on mutual drug enforcement efforts and enhancement of such efforts through exploitation of potential interstate and international investigations beyond local or limited Federal jurisdictions and resources;
- Coordination and cooperation with other Federal, state, and local agencies, and with foreign governments, in programs designed to reduce the availability of illicit abuse-type drugs on the United States market through non-enforcement methods such as crop eradication, crop substitution, and training of foreign officials;
- Responsibility, under the policy guidance of the Secretary of State and U.S. Ambassadors, for all programs associated with drug law enforcement counterparts in foreign countries;
- Liaison with the United Nations, Interpol, and other organizations on matters relating to international drug control programs; and

**U.S. Department of Justice
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Related Disclosures
For Fiscal Year Ended September 30, 2024**

- Supporting and augmenting U.S. efforts against terrorism by denying drug trafficking and/or money laundering routes to foreign terrorist organizations, as well as the use of illicit drugs as barter for munitions to support terrorism.

The accompanying Table of Drug Control Obligations was prepared in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021, showing function and decision unit. The table represents obligations incurred by the DEA for drug control purposes and reflects one hundred percent of the DEA's mission.

Since the DEA's accounting system, the Unified Financial Management System (UFMS), does not track obligation and expenditure data by ONDCP's drug functions, the DEA uses Managerial Cost Accounting (MCA), a methodology approved by ONDCP to allocate obligations tracked in DEA's appropriated accounts and decision units to ONDCP's drug functions. The Salaries and Expense appropriated account is divided into three decision units, Domestic Enforcement, International Enforcement, and State and Local Assistance. The Diversion Control Fee Account (DCFA) is fee funded by Registrants and covers the full costs of DEA's Diversion Control Program's operations. Thus, the total DCFA cost is tracked and reported as a decision unit by itself to distinguish it from the appropriated S&E account. Although not annually appropriated, the DCFA as authorized by Congress is still subject to all rules and limitations associated with Appropriations Law.

Data: *All accounting data for the DEA are maintained in UFMS. UFMS tracks obligation and expenditure data by a variety of attributes, including fund type, allowance center, decision unit and object class. One hundred percent of the DEA's efforts are related to drug enforcement.*

Financial Systems: *UFMS is the information system the DEA uses to track obligations and expenditures. Obligations derived from this system can also be reconciled against enacted appropriations and carryover balances.*

Managerial Cost Accounting: *The DEA uses allocation percentages generated by MCA to allocate resources associated with the DEA's four decision units to ONDCP's drug functions. The MCA model, using an activity-based costing methodology, provides the full cost of the DEA's mission outputs (performance costs). The table below shows the allocation percentages based on the DEA's MCA data.*

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Report
Related Disclosures
For Fiscal Year Ended September 30, 2024**

| The DEA Budget Decision Unit | Allocation | ONDCP Function |
|-------------------------------|------------|----------------------------|
| | | |
| Diversion Control Fee Account | 4.02% | Intelligence |
| | 94.94% | Investigations |
| | 1.04% | Prevention |
| | 0.00% | Harm Reduction |
| | | |
| Domestic Enforcement | 7.56% | Intelligence |
| | 92.23% | Investigations |
| | 0.21% | Prevention |
| | 0.00% | Harm Reduction |
| | | |
| International Enforcement | 5.10% | Intelligence |
| | 94.89% | International |
| | 0.00% | Prevention |
| | 0.01% | Harm Reduction |
| | | |
| State and Local Assistance | 100.00% | State and Local Assistance |

Decision Units: One hundred percent of the DEA’s total obligations by decision unit are associated with drug enforcement. This total is reported and tracked in UFMS.

Full Time Equivalents (FTE): One hundred percent of the DEA FTEs are dedicated to drug enforcement efforts. The DEA’s Direct FTE total for FY 2024 including Salaries & Expenses (S&E) and Diversion Control Fee Account (DCFA) appropriations, was 8,043 through pay period 18, ending September 21, 2024.

Transfers and Reimbursements: High Intensity Drug Trafficking Area (HIDTA) transfers and reimbursable obligations are excluded from the DEA’s Table of Drug Control Obligations since they are reported by other sources.

Disclosure 2: Methodology Modifications

The DEA’s method for tracking drug enforcement resources has not been modified from the prior year methodology. The DEA uses current MCA data to allocate FY 2024 obligations from four decision units to ONDCP’s drug functions.

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Report
Related Disclosures
For Fiscal Year Ended September 30, 2024**

Disclosure 3: Material Weaknesses or Other Findings

DEA was included in the Department of Justice (DOJ) consolidated audit and did not receive a separate financial statements audit. The DOJ's consolidated FY 2024 Independent Auditor's Report did not report any material weaknesses or significant deficiencies directed to DEA.

Disclosure 4: Reprogrammings or Transfers

DEA did not have a reprogramming in FY 2024. DEA not have transfers during FY 2024 requiring a DEA submission to Congress of a reprogramming or transfer request with respect to any amount of appropriated funds with individual or in aggregate transfer amounts that matched or exceeded the \$5M or 10 percent of a specific program threshold.