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MEMORANDUM

February 27, 2026

To: Claudette Fernandez
General Deputy Assistant Secretary, Community Planning and Development, D

//signed//

From: Kilah S. White
Assistant Inspector General for Auditing, GA

Subject: Audit Memorandum- 2026-FO-0801- Independent Attestation Review of the U.S. Department of Housing and Urban Development's Compliance with Office of National Drug Control Policy (ONDCP) Requirements for Fiscal Year 2025 Reporting

We have reviewed the U.S. Department of Housing and Urban Development's (HUD's) Detailed Accounting Report and the related management assertions for National Drug Control Program activities for the fiscal year ended September 30, 2025. We also reviewed the Budget Formulation Compliance Report, which includes budget formulation information for fiscal year 2027, and the related management assertions for National Drug Control Program activities. HUD's management is responsible for preparing the Detailed Accounting Report and Budget Formulation Compliance Report in accordance with (or based on) the Office of National Drug Control Policy's (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, dated September 9, 2021. Our responsibility is to express a conclusion about the reliability of each assertion made in these reports.

We performed this review as required by section 705(d) of Public Law 105-277, which requires National Drug Control Program agencies to submit to the Director of ONDCP a detailed accounting of all funds spent by the agencies for National Drug Control Program activities during the previous fiscal year and that the accounting be authenticated by agency inspectors general before submission.

We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertions for them to be in accordance with the ONDCP compliance reviews circular. The procedures performed in a review vary in nature and timing from and are substantially less extensive than, those performed in an examination, the objective of which is to obtain reasonable assurance about whether management's assertions are in

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accordance with (or based on) the criteria, 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 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.

For our review, we performed the following: (1) reviewed HUD's evidence for the assertions, (2) reviewed HUD's source files for data reported in the Detailed Accounting Report, (3) determined whether HUD made the assertions required by ONDCP, and (4) made necessary inquiries of HUD and ONDCP personnel.

Based upon our review, we are not aware of any material modifications that should be made to HUD's Detailed Accounting Report and Budget Formulation Compliance Report for them to be in accordance with ONDCP's Circular, National Drug Control Program Agency Compliance Reviews, dated September 9, 2021.

HUD's management's assertions, along with the Detailed Accounting Report and Budget Formulation Compliance Report, are included as attachment A.

Although this report is an unrestricted public document, its purpose is to authenticate HUD's reporting on national drug control spending to the director of ONDCP. This report is not suitable for any other purpose.

Certain information has been withheld from public release, in accordance with 5 U.S.C. section 552 (b)(5). This provision protects interagency or intra-agency communications reflecting the agency's deliberative process. The information withheld consists of projected budget information for fiscal year 2027.

We provided a draft of this memorandum to HUD on February 24, 2026. On February 25, 2026, Community Planning and Development (CPD)'s General Deputy Assistant Secretary responded that CPD agreed with the memorandum and did not plan to provide formal comments.

Attachment:

Management Representation Letter, HUD's Budget Formulation Compliance Report, and Detailed Accounting Report

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Attachment A - Management Representation Letter, HUD's Budget Formulation Compliance Report, and Detailed Accounting Report



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

January 29, 2026

Ms. Kilah S. White
Assistant Inspector General for Audit
U.S. Department of Housing and Urban Development
Office of Inspector General
451 7th Street, SW
Washington, DC 20410-0001

Dear Assistant Inspector General Audit, Kilah White

We are providing this letter in response to requirements pursuant to the Office of National Drug Circular: National Drug Control Program Agency Compliance Review (September 9, 2021).

The Department's Continuum of Care Homeless Assistance Grants programs supports efforts to eliminate homelessness by financing local solutions that provide housing and supportive services on a short or long-term basis to those experiencing homelessness. While the Continuum of Care (COC) helps support recovery by providing housing resources, HUD does not have a specific appropriation for drug-related activities. Although COC grantees can utilize funds to help people with chronic substance abuse, they are not required to do so. HUD employs a methodology approved by the Office of National Drug Control Policy (ONDCP) to estimate the number of people experiencing homelessness with chronic substance use disorders who may have been served with HUD-funded assistance, based on data reported in program applications.

Section 8071 (Pilot Program to Help Individuals in Recovery from a Substance Use Disorder become Stably Housed) of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT) Act allows states and the District of Columbia to provide stable, transitional housing for individuals in recovery from a substance use disorder. The Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4) provided \$30 million for such purposes.

We confirm, to the best of our knowledge and belief, the following representations and assertions as they pertain to HUD's fiscal year 2025 Budget Formulation Compliance submission to ONDCP:

Written Assertion Requirements (ONDCP-Regulations-Budget Formulation Compliance Submission)

1. The HUD FY 2027 Summer Drug Budget submission to ONDCP under cover letter provided in response to Section 6.a.(1) in response to ONDCP Circular: Budget Formulation, Section 9 was provided to ONDCP at the same time as the budget request was submitted to the Office of Budget, Office of the Chief Financial Officer in accordance with 21 U.S.C. 1703(c)(1)(A).

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2. The funding request in the submission provided in Section 6.a.(2) of the ONDCP Circular National Drug Control Program Agency Compliance Review represent the funding levels in the budget submission made by the Office of Community Planning and Development to the Office of Budget, Office of the Chief Financial Officer without alteration or adjustment by any official at the Department.
3. The funding requests in the submissions provided in clauses 1 and 2 above are only reflective of the submissions to ONDCP at the time of submission. They do not reflect any final decisions on requests for funding in fiscal year 2027 that are made as part of the President's Budget, which has not yet been released.

Written Assertion Requirements (ONDCP Regulations-Detailed Accounting Submission)

1. The drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit is based on reliable data in which the data's availability, timeliness, and relevance were considered.
2. The financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.
3. The drug methodology described in the report was the actual methodology used to generate the required data table.
4. 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 have been disclosed.
5. There were no modifications made to the methodology for reporting drug control resources from the previous year's reporting.
6. 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 reprogramming or transfers affecting drug-related resources in excess of \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget.
7. The data presented are associated with obligation against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 USC 1703(f) and Section 9 of the ONDCP Circular, *Budget Execution*.

Sincerely,

Claudette
Fernandez

 Digitally signed by Claudette Fernandez
 Date: 2025.01.18 10:54:05-05'
Claudette Fernandez
General Deputy Assistant Secretary

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Office of Community Planning and Development

Attachment

cc:

Ronnie Kurtz, Assistant Secretary, D
Kay Khine, Director, Salaries and Expenses Division, DHB
Thomas Herndon, Director, Office of Budget and Compliance, DHB
Caitlyn McKenney, Deputy Assistant Secretary for Special Needs, DN
Felicia Gaither, Associate Deputy Assistant Secretary for Special Needs, DN
Benjamin C. Schwartz, Acting Director, Office of Block Grant Assistance, DGBS
Alice Walkup, Senior Program Advisor, D
Irving Dennis, Principal Deputy Chief Financial Officer, F
Daniel L. Ballard, Deputy Chief Financial Officer, F
Mary Didier, Senior Budget Analyst, OCFO
MelaJo K. Kubacki, Assistant Chief Financial Officer for Financial Management, FM
Scott Barber, Deputy Assistant Chief Financial Officer for Financial Management, FM
Kate Blomarz, Assistant Chief Financial Officer for Budget, FO
Norman Suchar, Director, SNAPS, DNS
Karen DeBlasio, Deputy Director, SNAPS, DNS
William Snow, Specialist, SNAPS, DNS

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Community Planning and Development FY 2025 Budget Formulation Compliance Report

SUMMER BUDGET INFORMATION

On July 18, 2025, the summer budget was submitted to ONDCP under ONDCP Circular: Budget Formulation, Section 9.a. (1).

HUD’s Summer Drug Budget resource summary table was submitted to ONDCP under ONDCP Circular: Budget Formulation, Section 9.a.(2).

HUD’s Summer Budget resource summary table---

Resource Summary

| | Budget Authority (in millions) | | |
|---|--------------------------------|-----------------|-----------------|
| | FY 2025 Enacted | FY 2026 Request | FY 2027 Request |
| Drug Resources by Function | | | |
| Recovery | \$810.208 | \$0.000 | ██████ |
| Total Drug Resources by Function | \$810.208 | \$0.000 | ██████ |
| Drug Resources by Decision Unit | | | |
| Continuum of Care: Homeless Assistance Grants | \$780.208 | \$0.000 | ██████ |
| Section 8071 Pilot Recovery Housing Program | \$30.000 | \$0.000 | ██████ |
| Total Drug Resources by Function | \$810.208 | \$0.000 | ██████ |
| Drug Resources Personnel Summary | | | |
| Total FTEs (direct only) | --- | --- | ██████ |
| Drug Resources as a percent of Budget | | | |
| Total Agency Budget (in Billions) | \$77.0 | \$43.4 | ██████ |
| Drug Resources percentage | 1.1% | 0.0% | ██████ |

*This total reflects the request for RHP at the time of summer submission and is not necessarily reflective of the final request that is included in the FY27 President’s Budget.

MANAGEMENT ASSERTIONS

FY 2025 HUD Budget Formulation Compliance Report Detail Accounting Report

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We confirm, to the best of our knowledge and belief, the following representations and assertions as they pertain to HUD's fiscal year 2025 Budget Formulation Compliance submission to ONDCP:

1. The HUD FY 2027 Summer Drug Budget submission to ONDCP under cover letter provided in response to Section 6.a.(1) in response to ONDCP Circular: Budget Formulation, Section 9 was provided to ONDCP at the same time as the budget request was submitted to the Office of Budget, Office of the Chief Financial Officer in accordance with 21 U.S.C. 1703(c)(1)(A).
2. The funding request in the submission provided in Section 6.a.(2) of the ONDCP Circular National Drug Control Program Agency Compliance Review represent the funding levels in the budget submission made by the Office of Community Planning and Development to the Office of Budget, Office of the Chief Financial Officer without alteration or adjustment by any official at the Department.

FY 2025 HUD Budget Formulation Compliance Report Detail Accounting Report

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--START NEW DOCUMENT--

Department of Housing and Urban Development
FY 2025 Detailed Accounting Report

Resource Summary

| | Budget Authority (in millions) |
|---|--------------------------------|
| | FY 2025 Final |
| Drug Resources by Function | |
| Recovery | \$798.955 |
| Total Drug Resources by Function | \$798.955 |
| Drug Resources by Decision Unit | |
| Continuum of Care: Homeless Assistance Grants | \$768.955 |
| Section 8071 Pilot Recovery Housing Program | \$30.000 |
| Total Drug Resources by Function | \$798.955 |
| Drug Resources Personnel Summary | |
| Total FTEs (direct only) | -- |
| Drug Resources as a percent of Budget | |
| Total Agency Budget (in Billions) | \$77.0 |
| Drug Resources percentage | 1.0% |

Please note that after the submission of the Summer Budget, the competition data used to determine the amount of Continuum of Care funding estimated to serve those who will receive substance use treatment was updated from 2023 competition data to 2024 data.

METHODOLOGY

The Office of Special Needs Assistance Programs in HUD does not have a specific appropriation for drug-related activities. Many of its programs target the most vulnerable citizens in our communities, including individuals with chronic mental health or substance use issues, persons living with HIV/Acquired Immune Deficiency Syndrome (AIDS), and formerly incarcerated individuals. Recipients of resources provided by the Office of Special Needs Assistance Programs report to HUD annually how many people they intend to serve through the Continuum of Care (CoC) Program funding. The most recent CoC Competition data (from FY 2024) shows that 20.5 percent of clients served will receive substance use treatment. HUD then multiplies this number by the CoC appropriation to determine the anticipated amount that

FY 2025 HUD Budget Formulation Compliance Report Detail Accounting Report

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will be spent on serving persons with chronic substance abuse issues. The fiscal year 2025 appropriation for the CoC Program, inclusive of the Youth Homelessness Demonstration Program funding, was \$3.751 billion, of which \$769.0 million (rounded) is anticipated to be spent on persons with chronic substance abuse issues.

Section 8071 (Pilot Program to Help Individuals in Recovery from a Substance Use Disorder become Stably Housed) of the SUPPORT for Patients and Communities Act (SUPPORT) Act authorizes assistance to States and the District of Columbia to provide stable, transitional housing for individuals in recovery from a substance use disorder. The pilot program, also referred to as the Recovery Housing Program (RHP), allocates funds based on an established formula to grantees whose age-adjusted rate of drug overdose deaths is above the national average, according to the Centers for Disease Control and Prevention (CDC). The Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4) provided \$30 million for such purposes. The program was authorized for FY 2019-FY 2023, though it was not funded in 2019, and further received appropriations in FY 2024 and FY 2025. For consistency in presentation of HUD's drug-related funding activities, budget authority is provided in the Resource Summary table, with the assumption that all appropriations will obligate. In fiscal year 2025, the program obligated \$19.7 million.

MATERIAL WEAKNESSES OR OTHER FINDINGS

HUD has not identified any material weaknesses or other findings.

REPROGRAMMINGS OR TRANSFERS

HUD did not reprogram or transfer any drug control funds in fiscal year 2025.

OTHER DISCLOSURES

HUD has not identified any other disclosures relating to the fiscal year 2025 drug control funds.

MANAGEMENT ASSERTIONS

We confirm, to the best of our knowledge and belief, the following representations and assertions as they pertain to HUD's fiscal year 2025 Detailed Accounting Report submission to ONDCP:

1. The drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit is based on reliable data in which the data's availability, timeliness, and relevance were considered.
2. The financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.

FY 2025 HUD Budget Formulation Compliance Report Detail Accounting Report

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3. The drug methodology described in the report was the actual methodology used to generate the required data table.
4. 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 have been disclosed.
5. There were no modifications made to the methodology for reporting drug control resources from the previous year's reporting.
6. 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 reprogramming or transfers affecting drug-related resources in excess of \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget.
7. The data presented are associated with obligation against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 USC 1703(f) and Section 9 of the ONDCP Circular, *Budget Execution*.

FY 2025 HUD Budget Formulation Compliance Report Detail Accounting Report