



DEPARTMENT OF HEALTH AND HUMAN SERVICES

## OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



January 18, 2013

**TO:** Daryl Kade  
Director  
Office of Financial Resources  
Substance Abuse and Mental Health Services Administration

**FROM:** /Gloria L. Jarmon/  
Deputy Inspector General for Audit Services

**SUBJECT:** Independent Attestation Review: Substance Abuse and Mental Health Services Administration Assertions Concerning Drug Control Accounting for Fiscal Year 2012 (A-03-13-00351)

This report provides the results of our attestation review of the Substance Abuse and Mental Health Services Administration (SAMHSA) fiscal year (FY) 2012 assertions concerning drug control accounting and accompanying Table of Prior Year Drug Control Obligations: FY 2012 (Table).

Each National Drug Control Program agency must submit to the Director of the Office of National Drug Control Policy (ONDCP), not later than February 1 of each year, a detailed accounting of all funds expended by the agency for National Drug Control Program activities during the previous FY (21 U.S.C. § 1704(d)(A)). The section further requires that the accounting be “authenticated by the Inspector General for each agency prior to submission to the Director.” The report and related assertions are the responsibility of SAMHSA’s management and were prepared by SAMHSA as specified in section 6 of the ONDCP Circular entitled *Drug Control Accounting*, dated May 1, 2007.

As required by the Federal statute (21 U.S.C. § 1704(d)(A)), we reviewed the attached SAMHSA report entitled “Assertions Concerning Drug Control Accounting,” dated November 9, 2012. 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. A review is substantially less in scope than an examination, the objective of which is to express an opinion on management’s assertions contained in its report; accordingly, we do not express such an opinion.

## **SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION'S REPORT**

SAMHSA reported obligations of \$2,640,190,837.

In accordance with ONDCP requirements, SAMHSA made the following assertions:

- SAMHSA reported its actual obligations from its accounting system of record for the reported budget decision units,
- SAMHSA'S drug methodology used to calculate obligations of prior-year budgetary resources by budget decision unit were reasonable and accurate in accordance with the criteria in section 6b(2) of the ONDCP Circular,
- the drug methodology that SAMHSA disclosed in its report was the actual methodology used to generate the required Table,
- SAMHSA's obligations against a financial plan that was revised during the FY were reported in accordance with ONDCP requirements, and
- SAMHSA's report reflected data associated with obligations against a financial plan that fully complied with all ONDCP budgetary circulars.

We performed review procedures on SAMHSA's assertions and accompanying Table. In general, we limited our review procedures to inquiries and analytical procedures appropriate for our attestation review.

### **OFFICE OF INSPECTOR GENERAL CONCLUSION**

Based on our review, nothing came to our attention that caused us to believe that SAMHSA's assertions and accompanying Table were not fairly stated, in all material respects, based on the ONDCP Circular.

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Although this report is an unrestricted public document, the information it contains is intended solely for the information and use of Congress, ONDCP, and SAMHSA and is not intended to be, and should not be, used by anyone other than these specified parties. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Kay L. Daly, Assistant Inspector General for Audit Services, at (202) 619-1157 or through email at [Kay.Daly@oig.hhs.gov](mailto:Kay.Daly@oig.hhs.gov). Please refer to report number A-03-13-00351 in all correspondence.

Attachment

# **ATTACHMENT**



To: Director  
Office of National Drug Control Policy

Through: Deputy Assistant Secretary for Finance  
Department of Health and Human Services

From: Chief Financial Officer  
Substance Abuse and Mental Health Services Administration

Subject: Assertions Concerning Drug Control Accounting

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In accordance with the requirements of the Office of National Drug Control Policy Circular *Drug Control Accounting*, as revised on May 1, 2007, I make the following assertions regarding the attached annual accounting of drug control funds:

**Obligations by Budget Decision Unit**

I assert that obligations reported by budget decision unit are the actual obligations from SAMHSA's accounting system of record for these budget decision units.

**Drug Methodology**

I assert that the drug methodology used to calculate obligations of prior year budgetary resources by function for SAMHSA was reasonable and accurate in accordance with the criteria listed in Section 6b(2) of the Circular. In accordance with these criteria, I have documented/identified data which support the drug methodology, explained and documented other estimation methods (the assumptions for which are subjected to periodic review) and determined that the financial systems supporting the drug methodology yield data that present fairly, in all material respects, aggregate obligations from which drug-related obligation estimates are derived. (See Exhibit A)

**Application of Drug Methodology**

I assert that the drug methodology disclosed in Exhibit A was the actual methodology used to generate the table required by Section 6a.

**Reprogrammings or Transfers**

I assert that the data presented are associated with obligations against a financial plan that was revised during the fiscal year to include funds received from ONDCP in support of the Drug

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Free Communities Program. SAMHSA received a total of \$91,125,070 from ONDCP via Interagency Agreements to fund activities of the Drug Free Communities Program in FY 2012. SAMHSA had no other reportable reprogrammings or transfers in FY 2012.

**Fund Control Notices**

I assert that the data presented are associated with obligations against SAMHSA's financial plan which complied fully with all ONDCP Budget Circulars.



Daryl W. Kade  
Chief Financial Officer

Attachments:

Table of Prior Year Drug Control Obligations, FY 2012  
Exhibit A - Drug Control Methodology

**SUBSTANCE ABUSE AND MENTAL HEALTH  
SERVICES ADMINISTRATION**

**Table of Prior Year Drug Control Obligations  
FY 2012  
(Dollars in millions)**

**Drug Resources by Function**

Prevention .....	572.8
Treatment .....	<u>1,976.3</u>
<b>Total .....</b>	<b>\$2,549.1</b>

**Drug Resources by Decision Unit**

Substance Abuse Prevention	
<i>Programs of Regional and National Significance (Non-add)</i> <sup>1/</sup> .....	185.9
<i>Substance Abuse Prevention and Treatment Block Grant (Non-add)</i> <sup>2/</sup> .....	360.0
<b>Sub-Total .....</b>	<b>\$545.9</b>

Substance Abuse Treatment	
<i>Programs of Regional and National Significance (Non-add)</i> <sup>1/</sup> .....	428.9
<i>Substance Abuse Prevention and Treatment Block Grant (Non-add)</i> <sup>2/</sup> .....	1,440.0
<b>Sub-Total .....</b>	<b>\$1,868.9</b>

Health Surveillance and Program Support <sup>3/</sup>	
<i>Prevention (Non-add)</i> .....	26.8
<i>Treatment (Non-add)</i> .....	107.3
<b>Sub-Total .....</b>	<b>\$134.1</b>

**Total, Drug Resources by Decision Unit..... \$2,549.1**

Drug Resources Personnel Summary	
<i>Total FTEs (direct only)</i> .....	591

Drug Resources as a Percent of Budget	
<i>Total Agency Budget</i> .....	\$3,567.1
<i>Drug Resources Percentage</i> .....	71.5%

Drug Free Communities Program <sup>4/</sup> .....	\$91.1
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**Total with Drug Free Communities ..... \$2,640.2**

***Footnotes:***

<sup>1/</sup> PRNS obligations reflect direct obligations against SAMHSA budget authority. Reimbursable obligations are not included, as these funds would be reflected in the obligations of the agency providing the reimbursable funds to SAMHSA. Substance Abuse Treatment PRNS obligations include funds provided to SAMHSA from the PHS evaluation fund.

<sup>2/</sup> SAPT Block Grant obligations include funds provided to SAMHSA from the PHS evaluation fund.

<sup>3/</sup> HSPS obligations reflect direct obligations against SAMHSA budget authority. Reimbursable obligations are not included, as these funds would be reflected in the obligations of the agency providing the reimbursable funds to SAMHSA. HSPS obligations include funds provided to SAMHSA from the PHS evaluation fund.

<sup>4/</sup> Drug Free Communities Program funding was provided to SAMHSA/CSAP via Interagency Agreements.

***TOTALS MAY NOT ADD DUE TO ROUNDING***

**Exhibit A**

(1) **Drug Methodology** - Actual obligations of prior year drug control budgetary resources are derived from the SAMHSA Unified Financial Management System (UFMS), PSC Status of Funds by Allotment and Allowance Report.

(a) **Obligations by Drug Control Function** - SAMHSA distributes drug control funding into two functions, prevention and treatment:

**Prevention:** This total reflects the sum of the actual obligations for:

- CSAP's Programs of Regional and National Significance (PRNS) direct funds, excluding reimbursable authority obligations;
- 20% of the actual obligations of the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) funds, including obligations related to receipt of PHS evaluation funds;
- Drug Free Community Program funds provided by Interagency Agreements with ONDCP; <sup>1/</sup> and,
- Of the portion from SAMHSA Health Surveillance and Program Support funds, including obligations related to receipt of PHS evaluation funds, the assumptions are as follows:
  - Public Awareness and Support(PAS) funds were split 50/50 between Substance Abuse and Mental Health and 20% of the Substance Abuse portion is considered Prevention;
  - Performance and Quality Information Systems (PQIS) funds were split 70/30 between Substance Abuse and Mental Health and 20% of the Substance Abuse portion is considered Prevention;
  - 20% of Program Support is considered Prevention;
  - Agency Wide initiatives were split 50/50 between Substance Abuse and Mental Health and 20% of the Substance Abuse portion is considered Prevention; and
  - 20% of the Substance Abuse portions of Health Surveillance funding is considered Prevention.

**Treatment:** This total reflects the sum of the actual obligations for:

- CSAT's Programs of Regional and National Significance (PRNS) direct funds, excluding reimbursable authority obligations, but including obligations related to receipt of PHS Evaluation funds, and funding for SBIRT from the Prevention and Public Health Fund
- 80% of the actual obligations of the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) funds, including obligations related to receipt of PHS Evaluation funds; and,
- Of the portion from SAMHSA Health Surveillance and Program Support funds, including obligations related to receipt of PHS evaluation funds, the assumptions are as follows:
  - Public Awareness and Support(PAS) funds were split 50/50 between Substance Abuse and Mental Health and 80% of the Substance Abuse portion is considered Treatment;
  - Performance and Quality Information Systems (PQIS) funds were split 70/30 between Substance Abuse and Mental Health and 80% of the Substance Abuse portion is considered Treatment;
  - 80% of Program Support is considered Treatment;

- Agency Wide initiatives were split 50/50 between Substance Abuse and Mental Health and 80% of the Substance Abuse portion is considered Treatment; and
- 80% of the Substance Abuse portions of Health Surveillance funding is considered Treatment.

**(b) Obligations by Budget Decision Unit** - SAMHSA's budget decision units have been defined by Attachment B, ONDCP Circular, *Budget Formulation*, dated May 1, 2007. These units are:

- Programs of Regional and National Significance (PRNS) - Prevention (CSAP);
- Programs of Regional and National Significance (PRNS) - Treatment (CSAT);
- Substance Abuse Prevention and Treatment Block Grant (SAPTBG) – (CSAT/CSAP); and
- Program Management<sup>2/</sup> - SAMHSA.
  - In addition to the above, the Drug Free Communities Program funds provided by ONDCP through Interagency Agreements with SAMHSA are included as a separate line item on the Table of Prior Year Drug Control Obligations.

Included in this Drug Control Accounting report for FY 2012 are 100% of the actual obligations for these five budget decision units, minus reimbursements. Obligations against funds provided to SAMHSA from the PHS evaluation fund are included. Actual obligations of prior year drug control budgetary resources are derived from the SAMHSA Unified Financial Management System (UFMS), PSC Status of Funds by Allotment and Allowance Report.

- (2) **Methodology Modifications** – The methodology has been updated to coincide with the SAMHSA change from one appropriation to four as described in the FY 2013 Congressional Justification. A key change includes the following:
- Program Management activities are represented in an 80%/20% ratio from the HSPS appropriation for those activities supporting Treatment and Prevention (more details in 1(a) of this document.)
- (3) **Reprogrammings or Transfers** – SAMHSA entered into Interagency Agreements with ONDCP in the amount of \$91,125,070 to fund activities of the Drug Free Communities Program in FY 2012. SAMHSA had no other reportable reprogrammings or transfers in FY 2012.
- (4) **Other Disclosures** – None.

<sup>1/</sup> The Drug Free Community Program is considered part of Prevention, but is reflected as a separate line item on the Table of Prior Year Drug Control Obligations as it is a reimbursable funding amount and not part of direct funding.

<sup>2/</sup> Program Management is now shown within Health Surveillance and Program Support funds as consistent with SAMHSA's change from one appropriation to four appropriations.