



DEPARTMENT OF HEALTH AND HUMAN SERVICES

## OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



January 18, 2013

**TO:** Elizabeth A. Fowler  
Chief Financial Officer  
Indian Health Service

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

**SUBJECT:** Independent Attestation Review: Indian Health Service Assertions Concerning  
Drug Control Accounting for Fiscal Year 2012 (A-03-13-00355)

This report provides the results of our attestation review of the Indian Health Service (IHS) fiscal year (FY) 2012 assertions concerning drug control accounting and the accompanying table of FY 2012 Drug Control Obligations (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 IHS’s management and were prepared by IHS 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 IHS 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.

### INDIAN HEALTH SERVICE REPORT

IHS reported obligations totaling \$91,578,813.

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

- IHS reported its actual obligations from its accounting system of record for the reported budget decision units,
- IHS'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 6(b)(2) of the ONDCP Circular,
- the drug methodology that IHS disclosed in its report was the actual methodology used to generate the required Table,
- IHS did not revise its financial plan and therefore had no budgetary transfers of obligations to report, and
- IHS did not have any Fund Control Notices under 21 U.S.C. § 1703(f) to report.

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

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

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

\*\*\*\*\*

Although this report is an unrestricted public document, the information it contains is intended solely for the information and use of Congress, ONDCP, and IHS 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 for Audit Services, at (202) 619-1156 or through email at [Kay.Daly@oig.hhs.gov](mailto:Kay.Daly@oig.hhs.gov). Please refer to report number A-03-13-00355 in all correspondence.

Attachment

**ATTACHMENT**



November 9, 2012

**MEMORANDUM TO:** Director  
Office of National Drug Control Policy

**THROUGH:** Sheila Conley  
Deputy Assistant Secretary of Finance  
Department of Health and Human Services

**FROM:** Elizabeth A. Fowler  
Chief Financial Officer  
Indian Health Service

**SUBJECT:** Assertions Concerning Drug Control Accounting

In accordance with the requirements of the Office of National Drug Control Policy Circular *Drug Control Accounting*, I make the following assertions regarding the attached annual accounting of drug control funds for the Indian Health Service (IHS):

**Obligations by Budget Decision Unit**

I assert that obligations reported by budget decision unit are the actual obligations from the bureau's accounting system of record for these budget decision units, consistent with the drug budget methodology discussed below.

**Drug Methodology**

I assert that the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus 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 respect, aggregate obligations from which drug-related obligation estimates are derived.

The IHS methodology for estimating the drug control budget was established using the amounts appropriated for the Alcohol and Substance Abuse Prevention programs authorized under P.L. 102-573, the Indian Health Amendments of 1992. See attached table "Alcoholism and Substance Abuse Treatment and Prevention Program authorized under P.L. 102-573" for list of programs. This table reflects estimated amounts. When originally authorized and appropriated, the funds were allocated to tribes in their self-determination contract by specific programs. However, when the programs were reauthorized and captured under public law 102-573, some IHS area offices allocated the funds in lump sum while others maintained the specific program breakout. Therefore, at the current time precise amounts of funding for each program are not available. The table is maintained to estimate current funding level and is the basis of the drug budget control methodology. Excluded is the amount for the Adult Treatment programs, which represents the original authorization for IHS to provide alcohol treatment services. The focus on alcoholism treatment is the reason for the exclusion.

Page 2 – Director, Office of National Drug Control Policy

Drug Resources by Decision Unit: The IHS drug control funds are appropriated in two budget line items: 1) Alcohol and Substance Abuse and 2) Urban Indian Health Programs (UIHP). The Alcohol and Substance Abuse funds are primarily allocated to Tribes under Self-Determination contracts and compacts, where they manage the programs and have authority to reallocate funds to address local priorities. The portion of the alcohol fund included in the drug control budget methodology is as described above, i.e., the entire budget excluding the amount for adult treatment. The Urban Indian Health Program funds are allocated through contracts and grants to 501(c)(3) organizations. The portion of UIHP funds included in the drug control budget methodology is for NIAAA programs transferred to the IHS under the UIHP budget.

Drug Resources by Function: Under the methodology, two programs through FY 2007 were identified as Prevention programs, Community Education and Training and Wellness Beyond Abstinence. In FY 2008, one half of the new funds appropriated for Methamphetamine and Suicide prevention and treatment were also included in the Prevention function. The treatment function comprises the remaining program excluding adult treatment. In addition, the amount of UIHP funds is included under the treatment function.

#### **Application of Drug Methodology**

I assert that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6a of the Circular.

#### **Reprogramming or Transfers**

IHS did not reprogram or transfer any funds included in its drug control budget.

#### **Funds Control Notices**

IHS was not issued any Fund Control Notices by the Director under 21 U.S.C. 1703 (f) and Section 8 of the ONDCP circular Budget Execution, dated May 1, 2007.



Elizabeth A. Fowler

Attachments: <sup>1</sup>

1. Table – Alcoholism and Substance Abuse Prevention Treatment Program Authorized Under P.L. 102-573
2. Table – FY 2012 Drug Control Obligations

<sup>1</sup> The first table attached to this report is necessary for understanding the IHS drug control budget methodology. The table titled “Alcoholism and Substance Abuse Treatment and Prevention Program Authorized Under P.L. 102-573” shows the Alcohol and Substance Abuse budget line item broken out by the activities authorized originally in P.L. 100-690 and later included under P.L. 102-573. This table also includes the funding within the Urban Indian Health budget line item that supports alcohol and substance abuse treatment services. However, funds are not appropriated or accounted for by these specific categories, but rather as the lump sum funds of Alcohol and Substance Abuse and Urban Health. The second table shows the obligations of these funds as required by the Office of National Drug Control Policy Circular *Drug Control Accounting*.

**Indian Health Service  
Alcoholism and Substance Abuse Prevention  
Treatment Program**  
Authorized under P.L. 102-573  
(Dollars in Thousands)

<u>Amount of Funds</u>	<u>FY 2008 Enacted</u>	<u>FY 2009 Enacted</u>	<u>FY 2010 Enacted</u>	<u>FY 2011 Enacted</u>	<u>FY 2012 Enacted</u>	<u>Drug Control &amp; Moyer Reports</u>
<b>ALCOHOL &amp; SUBSTANCE ABUSE</b>						
Adult Treatment.....	\$89,161	\$96,607	\$102,748	\$102,781	\$102,731	Excluded*
Regional Treatment Centers	\$23,403	\$19,957 <sup>2/</sup>	\$21,226	\$21,226	\$21,215	Treatment
Community Education & Training.....	\$8,282	\$8,974	\$9,544	\$9,544	\$9,540	Prevention
Community Rehabilitation/ Aftercare.....	\$26,903	\$29,150	\$31,003	\$31,003	\$30,988	Treatment
Gila River.....	\$206	\$223	\$237	\$237	\$237	Treatment
Contract Health Service.....	\$9,471	\$10,262	\$10,914	\$10,914	\$10,909	Treatment
Navajo Rehab. Program....	\$365	\$395	\$420	\$420	\$420	Treatment
Urban Clinical Services.....	\$776	\$841	\$895	\$895	\$894	Treatment
Wellness Beyond Abstinence.....	\$894	\$969	\$1,031	\$1,031	\$1,031	Prevention
Meth Prev & Treatment.....	\$13,782	\$16,391	\$16,391	\$16,358	\$16,332	50/50 Tx & Prev
<b>Total.....</b>	<b><u>\$173,243</u></b>	<b><u>\$183,769</u></b>	<b><u>\$194,409</u></b>	<b><u>\$194,409</u></b>	<b><u>\$194,297</u></b>	
<b>URBAN HEALTH PROGRAM <sup>1/</sup></b>						
<u>Amount of Funds</u>	<u>FY 2008 Enacted</u>	<u>FY 2009 Enacted</u>	<u>FY 2010 Enacted</u>	<u>FY 2011 Enacted</u>	<u>FY 2012 Enacted</u>	
Expand Urban Programs....	\$3,407	\$4,356	\$4,239	\$4,403	\$4,403	Treatment
<b>INDIAN HEALTH FACILITIES <sup>3/</sup></b>						
<u>Amount of Funds</u>	<u>FY 2008 Approp</u>	<u>FY 2009 Approp</u>	<u>FY 2010 Approp</u>	<u>FY 2011 Approp</u>	<u>FY 2012 Approp</u>	
Construction.....	0	0	0	0	\$1,997	
<b>Alcohol/Substance Abuse</b>	<b>\$173,243</b>	<b>\$183,769</b>	<b>\$194,409</b>	<b>\$194,409</b>	<b>\$194,297</b>	
<b>Urban Health Program</b>	<b>3,407</b>	<b>4,356</b>	<b>4,239</b>	<b>4,403</b>	<b>4,403</b>	
<b>Facilities Construction</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,997</b>	
<b>GRAND TOTAL.....</b>	<b><u>\$176,650</u></b>	<b><u>\$188,125</u></b>	<b><u>\$198,648</u></b>	<b><u>\$198,812</u></b>	<b><u>\$200,697</u></b>	

<sup>1/</sup> The Urban Program was funded under P.L. 100-690, and is now funded under P.L. 102-573.

<sup>2/</sup> The FY 2009 funding for the Regional Treatment Centers was adjusted based on Area Office reports of funding levels.

<sup>3/</sup> FY 2012 Indian Health Facilities funds are to initiate the design/site grading for the Southern California Youth Regional Treatment Center (YRTC)

\*Adult Treatment funds are excluded from the ONDCP Drug Control Budget and Moyer Anti-Drug Abuse methodologies because this program reflects the original authorized program for IHS with the sole focus of alcoholism treatment services for adults. This determination was made in consultation with ONDCP when the drug control budget was initially developed in the early - 1990s.

**INDIAN HEALTH SERVICE  
FY 2012 Drug Control Obligations**

	<b>Enacted</b>	<b>(\$000) Obligated</b>
<b>Drug Resources by Function</b>		
Prevention	\$18,736	\$15,988
Treatment	\$77,233	\$74,381
Construction	\$1,997	\$1,209
	<hr/>	<hr/>
	\$97,966	\$91,578
 <b>Drug Resources by Decision Unit</b>		
Alcohol and Substance Abuse	\$91,566	\$85,966
Urban Indian Health Program	\$4,403	\$4,403
Facilities Construction	\$1,997	\$1,209
	<hr/>	<hr/>
	\$97,966	\$91,578