DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201

January 11, 2018

TO: Elizabeth DeVoss
Acting Chief Financial Officer
Health Resources and Services Administration

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

SUBJECT: Independent Attestation Review: Health Resources and Services Administration Fiscal Year 2017 Detailed Accounting Submission and Performance Summary Report for National Drug Control Activities and Accompanying Required Assertions (A-03-18-00354)

This report provides the results of our review of the attached Health Resources and Services Administration (HRSA) detailed accounting submission, which includes the table of Drug Control Obligations, related disclosures, and management's assertions for the fiscal year ended September 30, 2017. We also reviewed the Performance Summary Report, which includes management's assertions and related performance information for the fiscal year ended September 30, 2017. HRSA management is responsible for, and prepared, the detailed accounting submission and Performance Summary Report to comply with the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the ONDCP Circular).

We performed this review as required by 21 U.S.C. § 1704(d)(A) and as authorized by 21 U.S.C. § 1703(d)(7) and in compliance with the ONDCP Circular.

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. An attestation 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.

Based on our review, nothing came to our attention that caused us to believe that HRSA's detailed accounting submission and Performance Summary Report for fiscal year 2017 were not fairly stated, in all material respects, based on the ONDCP Circular.

HRSA's detailed accounting submission and Performance Summary Report are included as Attachments A and B.

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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 HRSA. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Amy J. Frontz, Assistant Inspector General for Audit Services, at (202) 619-1157 or through email at Amy.Frontz@oig.hhs.gov. Please refer to report number A-03-18-00354 in all correspondence.

Attachments

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services Administration

Rockville, MD 20857

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 DeVoss
Acting Chief Financial Officer
Health Resources and Services Administration

DATE: 11/6/2017

SUBJECT: Health Resources and Services Administration Drug Control Accounting for Fiscal Year 2017

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued January 18, 2013, the Health Resources and Services Administration's (HRSA) Fiscal Year 2017 Drug Control Obligation Summary is enclosed. 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 actual obligations from HRSA's financial accounting system for this budget decision unit.

Drug Methodology

I assert that the drug methodology used to calculate obligations of budget resources 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 data, which support the drug methodology, explained and documented estimation methods and determined that the financial and programmatic systems supporting the drug methodology yield data that present fairly, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.

Application of Drug Methodology:

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

Reprogrammings or Transfers:

I assert that the data presented are associated with obligations against HRSA's financial plan. HRSA had no reportable reprogrammings or transfers in FY 2017 related to drug control obligations.

Fund Control Notices:

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Health Resources and Services Administration

Resource Summary	Dollars in Millions
	FY 2017 Obligated
Drug Resources by Function	
Prevention	$20
Treatment	$153
Total Drug Resources by Function	**$173**
Drug Resources by Decision Unit	
Bureau of Primary Health Care	$173
Total Drug Resources by Decision Unit	**$173**

1. **Methodology:** The Health Center Program Uniform Data System (UDS) tracks a variety of information, including patient demographics, services provided, staffing, clinical indicators, utilization rates, costs, and revenues. UDS data are collected annually from grantees and reported at the grantee, state, and national levels. The UDS reporting provides a reasonable basis for estimating the share of the Health Center Program grant funding used for substance abuse treatment by health centers. Using the data reflected in the most current UDS at the time estimates are made (2016 UDS), total costs of substance abuse services is divided by total costs of all services to obtain a substance abuse percentage (SA%).

   In FY 2016, the Health Center Program awarded $94 million for a targeted supplemental funding opportunity for substance abuse service expansion in existing health centers. These awards were provided as ongoing supplemental funding, to be included in health centers' base continuation funding.

   In FY 2017, the Health Center Program awarded an additional $50 million for a targeted supplemental funding opportunity for substance abuse services in existing health centers. These awards were also provided as ongoing supplemental funding, to be included in health centers' base continuation funding.

   The funding estimates in the table above were computed as described below:

   <u>FY 2017 Obligated Level: $173 million</u>

   $29 million — SA% (.65%) x FY 2017 Health Center Program grants awarded for health center services – net of targeted SA funding ($4.5 billion); and,

   $94 million — A total of $94 million in targeted SA funding awarded to health centers in FY 2016.

   $50 million — A total of $50 million in targeted SA funding awarded to health centers in FY 2017

Obligations by Drug Control Function – HRSA estimates a distribution of drug control funding into two functions, prevention, and treatment.

The percentage of drug control funding expended by health centers on prevention services is estimated using UDS data and funding opportunity parameters. The percentage of all health center visits attributed to prevention services is approximately 20%, and this percentage is applied to the estimate of health center drug control funding from non-targeted obligations (FY 2017: $29 million). Additionally, due to the FY 2016 and FY 2017 SA funding focus on treatment services, it is estimated that the percentage of drug control funding from targeted obligations ($144 million) spent on prevention services is approximately 10% of total targeted SA funding. The estimates for the breakout of prevention and treatment services are calculated as follows:

Total Prevention Funding: $20 million

- Non-targeted SA funding: $29 million x 20% = approximately $6 million.
- Targeted SA funding: $144 million x 10% = approximately $14 million.

2. **Methodology Modification:** None.

3. **Material Weaknesses or Other Findings:** None

4. **Reprogrammings or Transfers:** None

5. **Other Disclosures:** None

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services Administration

Rockville, MD 20857

MEMORANDUM TO: Director
Office of National Drug Control Policy

THROUGH: Norris Cochran
Deputy Assistant Secretary, Budget
Department of Health and Human Services

FROM: Elizabeth DeVoss
Acting Chief Financial Officer
Health Resources and Services Administration

DATE: 12/5/2017

SUBJECT: Health Resources and Services Administration Performance Summary Report for Fiscal Year 2017

In accordance with the requirements of the Office of National Drug Control Policy Circular *Accounting of Drug Control Funding and Performance Summary,* dated January 18, 2013, I make the following assertions regarding the attached Performance Summary Report for National Drug Control Activities:

Performance Reporting System

For the data reported in the 2017 Performance Summary Report, I assert that HRSA has systems to capture performance information accurately and that these systems were properly applied to generate the performance data presented in the attached report.

Explanations for Not Meeting Performance Targets

I assert that all targets were met and that this section is not applicable.

Methodology to Establish Performance Targets

I assert that the methodology used to establish performance targets presented in this report is reasonable given past performance and available resources.

Performance Measures Exist for All Significant Drug Control Activities

I assert that adequate performance measures exist for all significant drug control activities.

FY2017 Performance Summary Report for National Drug Control Activities

Decision Unit: Bureau for Primary Health Care

Table 1: Measure 1

Performance Measures	CY 2016 Target	CY 2016 Results	CY 2017 Target	CY 2017 Results	CY 2018 Target	Data Source
Percentage of Health Center grantees providing substance abuse counseling and treatment services.	300 Health Centers	401	425 Health Centers	Available Aug. 1, 2018	425 Health Centers	Uniform Data System

The Health Center Program Uniform Data System (UDS) tracks a variety of information, including patient demographics, services provided, staffing, clinical indicators, utilization rates, costs, and revenues. UDS data are collected annually from grantees and reported at the grantee, state, and national levels. In the annual UDS report (Table 5 – Staffing and Utilization), each health center reports on the number of FTEs, patients and patient visits supported by their Health Center Program grant, separated into clinical service categories, including substance abuse services. A total of 1,367 health centers reported in the 2016 UDS. In a query of the 2016 UDS, a total of 401 health centers reported FTEs, patients, and/or patient visits in the substance abuse category, exceeding the program target.

The performance targets for 2017 and 2018 were set using a methodology based on the number of health centers providing substance abuse services. The targets were set at 425 health centers for each of the respective years, and are increases from the number reported in 2016, reflecting known Health Center Program awards for substance abuse services in FY 2017 and the current level of program appropriations projected in FY 2018.

Procedures used to ensure quality of performance data – UDS

BPHC requires that grantees submit an annual UDS Report on a standardized (calendar) year. Because of the importance of accuracy in these data, all reports are subjected to an intensive editing process. This process, conducted under contract, involves substantial computer editing plus the use of highly skilled, highly experienced, reviewers who are familiar with health center operations, and business and IT practices. Reviewers receive annual training.

Editing takes place at three distinct points in the overall process:

1. **At grantee, prior to submission.** As the grantees enter data into the EHB, they are informed prior to their submission of the data to BPHC, of any of slightly over 1,000 errors, which might be detected. This process generally results in all of the mathematical errors and most of the logical errors being corrected prior to submission. In addition, EHB system will check to determine that all required information has been submitted. Missing tables and, especially, missing sub-tables relating to individual programs, are identified and grantees are contacted to obtain the missing information. These submissions are held until complete.

2. **By reviewers.** Once submitted, the EHB system will forward the reports to reviewers for actual review, and correction (as needed).

3. **Quality Control.** After reviewers completed reviewing the report, the reports will then forward to the Quality Control reviewer for quality assurance review as the final step.