



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



January 18, 2013

TO: Donna Jones
Chief Financial Officer
National Institute on Drug Abuse
National Institutes of Health

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

SUBJECT: Independent Attestation Review: National Institute on Drug Abuse Assertions Concerning Drug Control Accounting for Fiscal Year 2012 (A-03-13-00353)

This report provides the results of our attestation review of the National Institute on Drug Abuse (NIDA) fiscal year (FY) 2012 assertions concerning drug control accounting and accompanying table of FY 2012 Actual 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 NIDA’s management and were prepared by NIDA 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 NIDA report entitled “Assertions Concerning Drug Control Accounting,” dated November 2, 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.

NATIONAL INSTITUTE ON DRUG ABUSE REPORT

NIDA reported obligations totaling \$1,052,368,102.

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

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

We performed review procedures on NIDA'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 NIDA's assertions and 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 NIDA 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. Please refer to report number A-03-13-00353 in all correspondence.

Attachment

ATTACHMENT



NOV 2 2012

National Institutes of Health
National Institute on Drug Abuse
Bethesda, Maryland 20892

MEMORANDUM TO: Director
Office of National Drug Control Policy

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

FROM: Donna Jones *Donna M Jones*
Chief Financial Officer
National Institute on Drug Abuse

SUBJECT: Assertions Concerning Drug Control Accounting

In accordance with the requirements of the Office of National Drug Control Policy Circular "Annual Accounting of Drug Control Funds," 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 the NIH financial accounting system for this budget decision unit after using NIDA's internal system to reconcile the NIH accounting system during the year.

Drug Methodology

I assert that the drug methodology used to calculate obligations of prior year budgetary resources by function for the institute 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 other estimation methods (the assumptions for which are subject 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.

Obligations of prior year drug control budgetary resources are calculated as follows:

FY 2012 actual obligations were determined by identifying NIDA support for projects that address drug prevention and treatment. Projects for inclusion in the ONDCP budget are identified from the NIDA coding system and database known as the "NEPS" system (NIDA Extramural Project System). Data are entered into this system by program staff. NIDA does not need to make any assumptions or estimates to isolate its total drug control obligations as the total appropriation is drug control.

As the supporter of more than 85% of the world's research on drug abuse and addiction, the

National Institute on Drug Abuse (NIDA) provides a strong science base for our Nation's efforts to reduce the abuse of drugs and their consequences. NIDA's comprehensive research portfolio addresses a broad range of drug abuse and addiction issues, ranging from the support of fundamental neurobiology to community-based research. As our Nation looks for science-based approaches to enhance its prevention and treatment efforts, NIDA's broad portfolio and its continuing efforts to work with other Agencies and NIH Institutes on a variety of transdisciplinary issues will provide the tools necessary to move these efforts forward. Research serves as the cornerstone of NIDA's efforts to disseminate research information and educate health professionals and the public, especially our Nation's youth, about the factors influencing drug use, its consequences, and about science-based and tested treatment and prevention techniques. These research and dissemination efforts to develop, test, and disseminate information on the basis of addiction, its consequences, and enhanced therapeutic techniques support the ONDCP Goal 3 (treatment). Efforts to enhance the science base and disseminate information on the factors that inhibit and facilitate drug use and its progression to addiction and other health consequences, and on science-based approaches for prevention interventions support the ONDCP Goal 1 (prevention).

NIDA obligations are allocated between prevention and treatment research based on the professional judgment of scientific program officials on specific grant and contract projects. These scientists review the grant application, project purpose and methodology, and/or progress report to determine whether the project meets NIDA's criteria for categorization as prevention or as treatment research. Projects are coded and entered into the NEPS system prior to funding.

The total of NIDA's original appropriation for 2012 was \$1,055,362,000. The Consolidated Appropriations Act of 2012 reduced NIDA's appropriation by \$1,994,634 as part of a rescission to the NIH of .189%. In addition, a Secretary's Transfer in the amount of \$300,000 for AIDS drug assistance programs and another transfer for Alzheimer Disease in the amount of \$694,000 reduced to the NIDA appropriation to \$1,052,373,271. NIDA obligated \$1,052,368,102 and \$5,169 lapsed. The actual amount obligated reconciles to the NIDA Database system. The total of \$1,052,373,271 does not reconcile to the FY 2012 column of the FY 2013 Congressional Justification (CJ). This is because the FY 2012 column of the FY 2013 CJ includes 1 comparable transfer totaling \$953,000 but not the Secretary's Transfer for Alzheimer Disease in the amount of \$694,000.

Application of Methodology

I assert that the drug methodology described in the preceding section was the actual methodology used to generate the table required by Section 6a. NIDA has not modified its drug methodology from the previous year. The difference between NIDA's actual obligations and the National Drug Control Strategy Budget summary number for FY 2012 are for the same reasons described above for the FY 2012 column of the FY 2013 CJ.

Reprogrammings or Transfers

I assert that the obligation data presented are associated against a financial plan that, if revised

during the fiscal year, properly reflects those changes, including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million that occurred during the fiscal year. As described above, NIDA had the following adjustments to its appropriation for FY 2012: (1) a Secretary's Transfer of \$300,000 for AIDS drug assistance programs, (2) a Secretary's Transfer for Alzheimer Disease in the amount of \$694,000.

Fund Control Notices

I assert that the obligation data presented are associated against a financial plan that complied fully with all Fund Control Notices issued by the Director under 21 U.S.C. 1703(f) and with ONDCP Circular *Budget Execution*, dated May 1, 2007.

**NATIONAL INSTITUTES OF HEALTH
NATIONAL INSTITUTE ON DRUG ABUSE
FY 2012 Actual Obligations
(Dollars in Thousands)**

I. RESOURCE SUMMARY

	FY 2012 Actual
Drug Resources by Function:	
Research and Development Prevention	370,794
Research and Development Treatment	681,574
Total	1,052,368
Drug Resources by Decision Unit:	
National Institute on Drug Abuse	1,052,368
Total	1,052,368

**Differences Between (1) Actual Obligations and (2) the FY 12 Column of the
FY 13 CJ and the National Drug Control Strategy Budget Summary
(Dollars in Thousands)**

Total 2012 Col. of the FY 2013 CJ; National Drug Control Strategy	1,052,114
1 Comparable Transfers	953
Secretary's Transfer for Alzheimer Disease	-694
Lapse of Funds	-5
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Total Obligations	1,052,368