VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS

Department of Veterans Affairs

Independent Review of VA's FY 2010 Detailed Accounting Submission to the Office of National Drug Control Policy

March 22, 2011
11-00315-126

To Report Suspected Wrongdoing in VA Programs and Operations:
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Department of Veterans Affairs

Memorandum

Date: March 15, 2011

From: Assistant Inspector General for Audits and Evaluations (52)

Subj: Final Report - Independent Review of the VA's FY 2010 Detailed Accounting Submission to the Office of National Drug Control Policy

To: Chief Financial Officer, Veterans Health Administration (17)

1. The Office of National Drug Control Policy (ONDCP) requires the Department of Veterans Affairs (VA) to submit an annual Detailed Accounting Submission (Submission), as authorized by 21 U.S.C. § 1704(d) and ONDCP Circular, *Drug Control Accounting* (Circular), dated May 1, 2007, to ONDCP. The Submission, including the assertions made, is the responsibility of VA's management and it is included in this report as Attachment A.

2. We reviewed VA management's assertions as required by the Circular concerning its drug methodology, reprogrammings and transfers, and fund control notices. The assertions are found in the Submission on page 9 of this report.

3. We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the applicable standards 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 an examination is the expression of an opinion on the assertions in the Submission. Accordingly, we do not express such an opinion.

4. Our report, *Audit of VA's Consolidated Financial Statements for Fiscal Year 2010* (Report No. 10-01406-20, dated November 10, 2010), identified one material weakness, information technology security controls, which is a repeat condition. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record,

process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

5. Based upon our review, except for the effects, if any, of the material weakness discussed in paragraph four, nothing came to our attention that caused us to believe that management's assertions included in the accompanying Submission of this report are not fairly stated in all material respects based on the criteria set forth in the Circular.

6. We provided you our draft report for review. You concurred with our report without further comment.

7. This report is intended solely for the information and use of the U.S. Congress, the ONDCP, and VA management. This report is not intended to be and should not be used by anyone other than these specified parties.

(original signed by:)

BELINDA J. FINN

Attachments

Attachment A

Statement of Disclosures and Assertions for FY 2010 Drug Control Expenditures Submitted to Office of National Drug Control Policy (ONDCP) for FY Ending September 30, 2010

In accordance with ONDCP's Circular, Drug Control Accounting, dated May 1, 2007, the Veterans Health Administration asserts that the VHA system of accounting, use of actuals, and systems of internal controls provide reasonable assurance that:

Expenditures and Obligations are based upon the actual expenditures as reported by the Decision Support System (DSS).

The methodology used to calculate expenditures of budgetary resources is reasonable and accurate in all material respects and as described herein was the actual methodology used to generate the costs.

Accounting changes are as shown in the disclosures that follow.

Attachment A

DEPARTMENT OF VETERANS AFFAIRS
VETERANS HEALTH ADMINISTRATION
Annual Reporting of FY 2010 Drug Control Funds

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2010 Drug Control Obligation

Description	FY 2010 Final *(in Millions)*
Drug Resources by Drug Control Function:	
Treatment	$548.007
Research Development	$15.775
Total	**$563.782**
Drug Resources by Budget Decision Unit:	
Medical Care	$548.007
Research Development	$15.775
Total	**$563.782**

1. Drug Control Methodology

The Table of FY 2010 Drug Control Obligations shown above and Resource Summary (page 7) showing obligations and FTE (Full-Time Equivalent) for Substance Abuse treatment in VHA are based on specific patient encounters. This is for all inpatient and outpatient episodes of care whether provided by VHA staff or purchased in the community. The source data for VHA inpatient care is the Patient Treatment File (PTF). For Outpatient Care it is the National Patient Care Database Encounter file (SEFILE). For contract care it is either the PTF or the hospital payment file. For outpatient FEE Care it is the Provider Payment file.

All of these data sources have a diagnosis associated with the encounter. The primary diagnosis is considered the reason the patient is being treated and is used to determine whether the treatment provided is substance abuse treatment and which type of substance abuse. Below is a list of Diagnosis groups used.

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Diagnosis Code	Description
292.xx	Drug-Induced Mental Disorders
304.xx	Drug Dependence
305.xx	Nondependent Abuse of Drugs (excluding 305.0 – Alcohol Abuse and 305.1 – Tobacco Use Disorder)

It should be noted that Prescriptions and Lab tests do not have linkages to a specific diagnosis and are not included in the report.

The cost of the VHA provided services is assigned through the Decision Support System (DSS) management cost accounting system and is based on the products consumed by producing departments. Every product is valued and assigned a cost. All the cost of all the products a patient uses are rolled up. A national data extract of patients at the encounter level is created and is the source of the cost. An additional extract at the encounter level also splits out the DSS intermediate product department, (NDE IPD). The cost of the contracted care comes from the Inpatient (Hospital) and Outpatient (FEE) payment systems. The DSS costs and payments are expenditures.

These expenditure costs are modified to reflect full VHA obligations. The FTE calculation is based on the DSS staff mapping to DSS Departments which are the production units. As we noted above, all the products are accumulated to an encounter. The DSS NDE IPD extracts show the cost of the encounter by department and the cost by three cost categories; Variable Direct, Fixed Direct and Fixed Indirect. All the costs, including the fixed costs, from all the departments are included in the cost calculation; however, there are no FTE numbers in the extract.

The Monthly Program Cost Report (MPCR) is a secondary DSS cost report which allows for the calculation of FTE at a detailed level. The DSS Department costs and FTE are aggregated to the service level, the clinic stop and the treating specialty. The portion of the DSS Department's costs and FTE can be assigned to these levels based on the DSS IPD extract. The FTE calculation assumes that a proportionate amount of each DSS Department's FTE is associated with each dollar assigned. The FTE calculation only uses the Direct Care Departments costs. The average Direct FTE/Cost is calculated for each Clinic stop and Treating specialty at each medical center/CBOC. The service specific FTE/dollars are multiplied by the cost of the service providing substance abuse care. The result is the FTE.

Attachment A

Methodology Modifications Since the 2011 ONDCP Budget

In accordance with ONDCP guidance (see ONDCP letters dated July 23, 2010 and November 24, 2010), the methodology was modified to account for the fact that substance abuse treatment for Veterans is increasingly provided in a mental health setting. Below is a comparison of costs between the old and new methodologies:

Description	Old Methodology *(in Millions)*	New Methodology *(in Millions)*	Difference *(in Millions)*
Inpatient	$18.340	$131.937	$113.597
Outpatient	$240.874	$242.397	$1.523
Residential	$148.143	$173.673	$25.530
Total	**$407.357**	**$548.007**	**$140.650**

Major differences between the old (DSS) and new methodology (ARC) are described below:

1. DSS method is full cost and includes Headquarters, VISN, National Program Overheads, and Depreciations, ARC does not include these.
2. DSS method does not include Purchased Care Non VA Provided, the ARC includes these costs using the FEE file as a proxy.
3. The DSS uses encounters at specific Treating Specialties for Inpatient and Clinic Stop for Outpatient. The ARC the primary diagnosis of patients regardless of where (treating specialty/ clinic stop) they received treatment.
4. The DSS costs are expenditures (true cost). The ARC cost is turned into an obligation which includes obligations for capital purchases.

VHA has in place a national system of performance monitoring that uses social, professional, and financial incentives to encourage facilities to provide the highest quality health care. This system incorporates performance measures related to substance use disorder treatment.

Efforts to assist programs experiencing difficulty in achieving their performance goals continue through the Centers of Excellence in Substance Abuse Treatment and Education, the Program Evaluation and Research Center and the Office of the National Mental Health Program Director, Addictive Disorders.

According to the 2010 *Drug and Alcohol Program Survey* (DAPS), at the start of FY2010, the Department of Veterans Affairs offered specialty SUD treatment programs

Attachment A

at 136 of 139 medical facilities, located in the Department's medical centers, mental health residential rehabilitation treatment programs and outpatient clinics. Seventy-one of 139 VA facilities offer specialty SUD treatment including 24-hour care programs. Of the remainder, 60 facilities offer intensive outpatient programs, and 5 provide standard outpatient programs. Three VA facilities currently do not provide SUD services within a specialty setting, although all provide SUD services in general mental health settings and all are in the process of developing specialty programming.

VA provides two types of 24-hour-a-day care to patients having particularly severe substance use disorders. VA offers 24-hour care in residential rehabilitation treatment programs for substance use disorders. Additionally, 24-hour care is provided for detoxification in numerous inpatient medical and general mental health units throughout the VA system. Most Veterans with substance use disorders are treated in outpatient programs. Intensive substance use disorder outpatient programs provide at least three hours of service per day to each patient, and patients attend them three or more days per week. Standard outpatient programs typically treat patients for an hour or two per treatment day and patients attend one or two days a week.

VA is in the process of implementing initiatives to expand access to intensive outpatient services and to include substance use disorder specialists in large community-based outpatient clinics, mental health residential rehabilitation programs, and services for homeless Veterans.

VA is steadily expanding the availability of opioid agonist treatment for opioid-dependent Veterans. It operates licensed opioid agonist treatment programs at 31 of its 139 facilities and has contracts for services at licensed opioid agonist treatment programs operated by community providers at 23 VA facilities. Additionally, VA has implemented a major initiative to create primary care-oriented buprenorphine clinics to increase access to care for opiate-dependent Veterans. In FY 2010, 118 of 139 VA facilities prescribed buprenorphine to patients. Considered together, 121 of the 139 VA facilities (87%) provided opiate agonist treatment either via an in-house/contracted licensed opioid agonist treatment program or office-based buprenorphine treatment.

The VA investment in health care and specialized treatment of Veterans with drug abuse problems, funded by the resources in Medical Care appropriation, helps avoid future health, welfare and crime costs associated with illegal drug use.

Attachment A

In FY 2010, VHA provided services in a specialty SUD setting to 108,210 patients with a drug diagnosis, of whom, 46 percent used cocaine, 26 percent used opioids, 36 percent used cannabis. Seventy-five percent had co-existing psychiatric diagnoses (These categories are not mutually exclusive.)

The accompanying Department of Veterans Affairs Resource Summary was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Annual Accounting of Drug Control Funds, dated May 1, 2007, (b) Budget Instructions and Certification Procedures, dated May 1, 2007, and (c) Budget Execution, dated May 1, 2007. In accordance with the guidance provided in the Office of National Drug Control Policy's letter of September 7, 2004, VA's methodology only incorporates Specialized Treatment costs.

Specialized Treatment	Obligations *(in Millions)*	FTE
Inpatient	$131.937	620
Residential Rehabilitation and Treatment	$173.673	871
Outpatient	$242.397	1,089
Total	**$548.007**	**2,580**

VA does not track obligations and expenditures by ONDCP function. In the absence of such capability, actuals have been furnished, as indicated.

RESEARCH DEVELOPMENT

The dollars expended in VHA research help to acquire new knowledge to improve the prevention, diagnosis and treatment of disease, and generate new knowledge to improve the effectiveness, efficiency, accessibility and quality of Veterans' health care.

Specialized Function	Obligations *(in Millions)*	Drug Control Related Percent	FTE
Research and Development	$15.775	N/A	N/A

2. Methodology Modifications – In accordance with the guidance provided in the Office of National Drug Control Policy's letter of September 7, 2004, VA's methodology only incorporates Specialized Treatment costs and no longer takes into consideration Other Related Treatment costs. Drug control methodology detailed in A.1 was the actual methodology used to generate the Resource Summary.

Attachment A

3. Material Weaknesses or Other Findings – Clifton Gunderson LLP provided an unqualified opinion on VA's fiscal year 2010 consolidated financial statements. They also identified one material weakness. The material weakness is a repeat condition from the prior year audit identified as Information Technology Security Controls. There were no material weaknesses or other findings by independent sources, or other known weaknesses, which may affect the presentation of prior year drug-related obligations data.

4. Reprogrammings or Transfers – There were no reprogramming of funds or transfers that adjusted drug control-related funding because drug control expenditures are reported on the basis of patients served in various VA clinical settings for specialized substance abuse treatment programs.

5. Other Disclosures – This budget accounts for drug control-related costs for VHA Medical Care and Research. It does not include all drug-related costs for the agency. VA incurs costs related to accounting and security of narcotics and other controlled substances and costs of law enforcement related to illegal drug activity; however, these costs are assumed to be relatively small and would not have a material effect on the reported costs.

B. Assertions

1. Drug Methodology – VA asserts that the methodology used to estimate FY 2010 drug control obligations by function and budget decision unit is reasonable and accurate based on the criteria set forth in the ONDCP Circular dated May 1, 2007.

2. Application of Methodology – The methodology described in Section A.1 above was used to prepare the estimates contained in this report.

3. Reprogrammings or Transfers – No changes were made to VA's Financial Plan that required ONDCP approval per the ONDCP Circular dated May 1, 2007.

4. Fund Control Notices – The data presented are associated with obligations against a financial plan that was based upon a methodology in accordance with all Fund Control Notices issued by the Director under 21 U.S.C., § 1703 (f) and Section 8 of the ONDCP Circular, Budget Execution.

Attachment A

Mark Yow
Associate Chief Financial Officer
Resource Management Office (172)

2/17/2011
Date

Calvin L. Seay, Jr.
Director of Budget Services
Resource Management Office (172)

2/17/2011
Date

Attachment A

Department of Veterans Affairs Resource Summary Obligations *(in Millions)*	2010 Final
Medical Care:	
Specialized Treatment	
Inpatient	$131.937
Residential Rehabilitation and Treatment	$173.673
Outpatient	$242.397
Specialized Treatment	$548.007
Research and Development	$15.775
Drug Control Resources by Function and Decision Unit, Total	$563.782
Drug Control Resources Personnel Summary	
Total FTE	2,580
Total Enacted Appropriations	$127,207.412
Drug Control Percentage	0.44%

Attachment B

ONDCP Circular: Drug Control Accounting
May 1, 2007

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Annual Accounting and Authentication of Drug Control Funds and Related Performance

1. **Purpose.** This circular provides the policies and procedures to be used by National Drug Control Program agencies in conducting a detailed accounting and authentication of all funds expended on National Drug Control Program activities and the performance measures, targets, and results associated with those activities.

2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated April 18, 2003.

3. **Authority.**

a. 21 U.S.C. § 1704(d) provides: "The Director [ONDCP] shall –

(A) require the National Drug Control Program agencies to submit to the Director not later than February 1 of each year a detailed accounting of all funds expended by the agencies for National Drug Control Program activities during the previous fiscal year, and require such accounting to be authenticated by the Inspector General of each agency prior to submission to the Director; and

(B) submit to Congress not later than April 1 of each year the information submitted to the Director under subparagraph (A)."

b. 21 U.S.C. § 1703(d)(7) authorizes the Director of National Drug Control Policy to "... monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations; and (B) requesting assistance of the Inspector General of the relevant agency in such audits and evaluations ..."

4. **Definitions.** As used in this circular, key terms related to the National Drug Control Program and budget are defined in Section 4 of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007. These terms include: *National Drug Control Program, National Drug Control Program agency*, *Bureau*, *Drug Methodology*, *Drug Control Functions*, and *Budget Decision Units*. Further, Reprogrammings and Fund Control Notices referenced in Section 6 of this circular are defined in Section 6 and Section 8 of the ONDCP Circular, *Budget Execution*, dated May 1, 2007.

5. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies.

Attachment B

6. **Detailed Accounting Submission.** The Chief Financial Officer (CFO) of each agency, or other accountable senior level senior executive, shall prepare a Detailed Accounting Submission to the Director, ONDCP. For agencies with no bureaus, this submission shall be a single report, as defined by this section. For agencies with bureaus, the Detailed Accounting Submission shall consist of reports, as defined by this section, from the agency's bureaus. The CFO of each bureau, or accountable senior level executive, shall prepare reports. Each report must include (a) a table highlighting prior year drug control obligations data, and (b) a narrative section making assertions regarding the prior year obligations data. Report elements are further detailed below:

a. **Table of Prior Year Drug Control Obligations** – For the most recently completed fiscal year, each report shall include a table of obligations of drug control budgetary resources appropriated and available during the year being reported.[1] Such table shall present obligations by Drug Control Function and Budget Decision Unit, as these categories are displayed for the agency or bureau in the *National Drug Control Strategy Budget Summary*. Further, this table shall be accompanied by the following disclosures:

(1) **Drug Methodology** – The drug methodology shall be specified in a separate exhibit. For obligations calculated pursuant to a drug methodology, this presentation shall include sufficient detail to explain fully the derivation of all obligations data presented in the table.

(a) **Obligations by Drug Control Function** – All bureaus employ a drug methodology to report obligations by Drug Control Function.

(b) **Obligations by Budget Decision Unit** – For certain multi-mission bureaus – Customs and Border Protection (CBP), Coast Guard, Immigration and Customs Enforcement (ICE), Indian Health Service (IHS), Bureau of Indian Affairs (BIA), and the Veterans Health Administration (VHA) – obligations reported by Budget Decision Unit shall be calculated pursuant to an approved drug methodology. For all other bureaus, drug control obligations reported by Budget Decision Unit shall represent 100 percent of the actual obligations of the bureau for those Budget Decision Units, as they are defined for the National Drug Control Budget. (See Attachment B of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007.)

[1] Consistent with reporting requirements of the ONDCP Circular, *Budget Formulation,* dated May 1, 2007, resources received from the following accounts are excluded from obligation estimates: (1) ONDCP – High Intensity Drug Trafficking Areas (HIDTA) and (2) DOJ – Organized Crime Drug Enforcement Task Force Program. Obligations against these resources shall be excluded from table required by this section but shall be reported on a consolidated basis by these bureaus. Generally, to prevent double-counting agencies should not report obligations against budget resources received as a reimbursement. An agency that is the source of the budget authority for such reimbursements shall be the reporting entity under this circular.

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(2) **Methodology Modifications** – Consistent with ONDCP's prior approval, if the drug methodology has been modified from the previous year, then the changes, their purpose, and the quantitative differences in the amount(s) reported using the new method versus the amount(s) that would have been reported under the old method shall be disclosed.[2]

(3) **Material Weaknesses or Other Findings** – Any material weakness 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 data, shall be highlighted. This may be accomplished by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions currently underway or contemplated shall be identified.

(4) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources shall be identified; for each such reprogramming or transfer, the effect on drug-related obligations reported in the table required by this section also shall be identified.

(5) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.

b. **Assertions** – At a minimum, each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required by Section 6a:

(1) **Obligations by Budget Decision Unit** – With the exception of the multi-mission bureaus noted in Section 6a(1)(b), reports under this section shall include an assertion that obligations reported by budget decision unit are the actual obligations from the bureau's accounting system of record for these Budget Decision Units.

(2) **Drug Methodology** – An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit for the CBP, Coast Guard, ICE, IHS, BIA, and VHA. The criteria associated with this assertion are as follows:

[2] For changes that did not receive prior approval, the agency or bureau shall submit such changes to ONDCP for approval under separate cover.

Attachment B

(a)&**Data** – If workload or other statistical information supports the drug methodology, then the source of these data and the current connection to drug control obligations should be well documented. If these data are periodically collected, then the data used in the drug methodology must be clearly identified and will be the most recently available.

(b) **Other Estimation Methods** – If professional judgment or other estimation methods are used as part of the drug methodology, then the association between these assumptions and the drug control obligations being estimated must be thoroughly explained and documented. These assumptions should be subjected to periodic review, in order to confirm their continued validity.

(c) **Financial Systems** – Financial systems supporting the drug methodology should yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.

(3) **Application of Drug Methodology** – Each report shall include an assertion that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6a. Calculations must be sufficiently well documented to independently reproduce these data. Calculations should also provide a means to ensure consistency of data between reporting years.

(4) **Reprogrammings or Transfers** – Further, each report shall include an assertion that 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 reprogrammings or transfers affecting drug-related resources in excess of $1 million.

(5)&**Fund Control Notices** – Each report shall also include an assertion that the data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 U.S.C. § 1703(f) and Section 8 of the ONDCP Circular, *Budget Execution*.

7. **Performance Summary Report.** The CFO, or other accountable senior level senior executive, of each agency for which a Detailed Accounting Submission is required, shall provide a Performance Summary Report to the Director of National Drug Control Policy. Each report must include performance-related information for National Drug Control Program activities, and the official is required to make certain assertions regarding that information. The required elements of the report are detailed below.

a. **Performance Reporting-** The agency's Performance Summary Report must include each of the following components:

Attachment B

(1) **Performance Measures** – The report must describe the performance measures used by the agency to assess the National Drug Control Program activities it carried out in the most recently completed fiscal year and provide a clear justification for why those measures are appropriate for the associated National Drug Control Program activities. The performance report must explain how the measures: reflect the purpose of the program; contribute to the National Drug Control Strategy; and are used in the management of the program. The description must include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to those activities.

(2) **Prior Years Performance Targets and Results** – For each performance measure, the report must provide actual performance information for the previous four fiscal years and compare the results of the most recent fiscal year with the projected (target) levels of performance established in the agency's annual performance budget for that year. If any performance target for the most recently completed fiscal year was not met, the report must explain why that target was not met and describe the agency's plans and schedules for meeting future targets. Alternatively, if the agency has concluded it is not possible to achieve the established target with available resources, the report should include recommendations concerning revising or eliminating the target.

(3) **Current Year Performance Targets** – Each report must specify the performance targets established for National Drug Control Program activities in the agency's performance budget for the current fiscal year and describe the methodology used to establish those targets.

(4) **Quality of Performance Data** – The agency must state the procedures used to ensure the performance data described in this report are accurate, complete, and unbiased in presentation and substance.

b. **Assertions** – Each report shall include a letter in which an accountable agency official makes the following assertions are made regarding the information presented in Section 7a:

(1) **Performance reporting system is appropriate and applied** – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.

(2) **Explanations for not meeting performance targets are reasonable** – An assertion shall be made regarding the reasonableness of any explanation offered for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets.

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(3) **Methodology to establish performance targets is reasonable and applied** – An assertion that the methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.

(4) **Adequate performance measures exist for all significant drug control activities -** Each Report shall include an assertion that the agency has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6a(1)(A) for which a significant amount of obligations ($1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure must consider the intended purpose of the National Drug Control Program activity.

The criteria associated with these assertions are as follows:

(a) **Data** – If workload, participant, or other quantitative information supports these assertions, the sources of these data should be well documented. If these data are periodically collected, the data used in the report must be clearly identified and will be the most recently available.

(b) **Other Estimation Methods** – If professional judgment or other estimation methods are used to make these assertions, the objectivity and strength of these estimation methods must be thoroughly explained and documented. These estimation methods should be subjected to periodic review to confirm their continued validity.

(c) **Reporting Systems** – Reporting systems supporting the assertions should be current, reliable, and an integral part of the agency's budget and management processes.

8. **Inspector General Authentication.** Each report defined in Sections 6 and 7 shall be provided to the agency's Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in the report. ONDCP anticipates that this engagement will be an attestation review, consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants.

9. **Unreasonable Burden.** Unless a detailed report, as specified in Section 6, is specifically requested by ONDCP, an agency or bureau included in the National Drug Control Budget with prior year drug-related obligations of less than $50 million may submit through its CFO, or its accountable senior level executive, an alternative report to ONDCP, consisting of only the table highlighted in Section 6a., omitting all other disclosures. Such a report will be accompanied by statements from the CFO, or accountable senior level executive, and the agency IG attesting that full compliance with this Circular would constitute an unreasonable reporting burden. In those instances, obligations reported under this section will be considered as constituting the statutorily required detailed accounting, unless ONDCP notifies the agency that greater detail is required.

Attachment B

10. **Point of Contact and Due Dates.** Each agency CFO, or accountable senior level executive, shall transmit a Detailed Accounting Submission, consisting of the report(s) defined in Sections 6 and 7, along with the IG's authentication(s) defined in Section 8, to the attention of the Associate Director for Performance and Budget, Office of National Drug Control Policy, Washington, DC 20503. Detailed Accounting Submissions, with the accompanying IG authentication(s), are due to ONDCP by February 1 of each year. Agency management must submit reports to their Office of Inspector General (OIG) in sufficient time to allow for review and IG authentication under Section 8 of this Circular. ONDCP recommends a 31 December due date for agencies to provide their respective OIG with the required reports and information.

Attachment C

Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Office of General Counsel
Chief Financial Officer, Veterans Health Administration

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
Office of National Drug Control Policy