

## HOW WE ARE STRUCTURED TO ACCOMPLISH OUR MISSION

**Two key concepts** are critical to understanding of the HHS financial story. Expenses are one of the ingredients of the financial statements that are in Section IV. **Expenses (or Costs)** are computed using accrual accounting techniques which recognize costs when incurred and revenues when earned and include the effect of accounts receivable and accounts payable on determining annual income. **Outlays** refer to the issuance of checks, disbursements of cash, or electronic transfer of funds made to liquidate an expense regardless of the fiscal year the service was provided or the expense was incurred. **Budget outlays** are important because they are used to identify budget surpluses or deficits. Both concepts are important in understanding the financial condition of HHS.

**The Net Budget Outlays that appear for each OPDIV are derived from the U.S. Treasury Year-End Report and September monthly Treasury statement.**

**The Consolidated Net Cost figures that appear for each OPDIV are derived from the HHS Consolidated Statement of Net Cost.**

Because of the complexity and importance of the many issues involved in our mission, and consistent with the intention of congressional legislation, 13 HHS Operating Divisions (OPDIVs) administer the Department's programs. The Agency for Toxic Substance and Disease Registry is reported with the Center for Disease Control. Therefore this report refers to 12 OPDIVs. Leadership is provided by the Office of the Secretary (OS), which is also considered one of the 13 OPDIVs and five staff divisions headed by Assistant Secretaries, including the Assistant Secretary for Management and Budget (ASMB) who is responsible for this report. HHS is also active in ten regions throughout the United States, to coordinate the crosscutting and complementary efforts that are needed to accomplish our mission. Offices of the Inspector General (OIG), General Counsel, Civil Rights, Departmental Appeals Board (DAB), and Intergovernmental Affairs (IGA) also support this mission across the Department. The FY 1999 net budget outlay for providing this leadership was \$377 million. The FY 1999 net cost of the OS activities was \$490 million.

A chart of the current organizational structure of HHS follows. There was no significant organizational change in HHS in FY 1999. In December 1999 the name of Agency for Health Care Policy and Research was legislatively changed to Agency for Healthcare Research and Quality so this change will be reflected in next year's report. HHS Headquarters is located at 200 Independence Avenue, S.W., Washington, D.C., 20201.

SECRETARY: Donna E. Shalala

HHS FY 1999 NET BUDGET OUTLAYS: \$359.7 Billion

HHS FY 1999 CONSOLIDATED NET COSTS: \$358.4 Billion

# U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

