



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE INSPECTOR GENERAL

January 27, 2006

MEMORANDUM

To: Thomas P. Skelly
Director, Budget Service
Office of Planning, Evaluation and Policy Development

From: Helen Lew *Helen Lew*
Assistant Inspector General for Audit Services

Subject: Office of Inspector General's Independent Report on the *U.S. Department of Education's Detailed Accounting of Fiscal Year 2005 Drug Control Funds*, dated January 25, 2006.

Attached is our authentication of management's assertions contained in the *Department of Education Detailed Accounting of Fiscal Year 2005 Drug Control Funds*, dated January 25, 2006, as required by 21 U.S.C. § 1704(d).

Our authentication was conducted in accordance with the guidelines stated in the Office of National Drug Control Policy Circular: *Drug Control Accounting*, dated April 18, 2003.

If you have any questions or wish to discuss the contents of this authentication, please contact Greg Spencer, Director, Financial Statements Internal Audit Team, at (202) 245-6015.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE INSPECTOR GENERAL

JAN 27 2006

Office of Inspector General's Independent Report on the U.S. Department of Education's Detailed Accounting of Fiscal Year 2005 Drug Control Funds, dated January 25, 2006.

We have reviewed management's assertions contained in the accompanying Accounting, titled *Department of Education Detailed Accounting of Fiscal Year 2005 Drug Control Funds*, dated January 25, 2006 (the Accounting). The U.S. Department of Education's management is responsible for the Accounting and the assertions contained therein.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

We performed review procedures on the "Table of Prior Year Drug Control Obligations," "Disclosures," and "Assertions" contained in the accompanying Accounting. We did not review the "Program Descriptions" contained in the accompanying Accounting. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our review engagement.

Based on our review, nothing came to our attention that caused us to believe that management's assertions, contained in the accompanying Accounting, are not fairly stated, in all material respects, based upon the Office of National Drug Control Policy Circular: *Drug Control Accounting*, dated April 18, 2003.

Helen Lew
Assistant Inspector General for Audit Services

DEPARTMENT OF EDUCATION



DETAILED ACCOUNTING OF FISCAL YEAR 2005 DRUG CONTROL FUNDS

IN SUPPORT OF THE
NATIONAL DRUG CONTROL STRATEGY

AS REQUIRED BY SECTION 1704(d) OF
TITLE 21 UNITED STATES CODE

JANUARY 25, 2006

DEPARTMENT OF EDUCATION
DETAILED ACCOUNTING OF FISCAL YEAR 2005 DRUG CONTROL FUNDS

TABLE OF CONTENTS

Transmittal Letter.....	1
Table of Prior Year Drug Control Obligations.....	2
Program Descriptions.....	2
State Grants.....	2
National Programs.....	2
Disclosures.....	3
Drug Methodology.....	3
Obligations by Drug Control Function.....	3
Obligations by Budget Decision Unit.....	3
Methodology Modifications.....	3
Material Weaknesses or Other Findings.....	4
Reprogrammings or Transfers.....	4
Other Disclosures.....	4
Assertions.....	4
Obligations by Decision Unit.....	4
Drug Methodology.....	5
Data.....	5
Other Estimation Methods.....	5
Financial Systems.....	5
Application of Drug Methodology.....	5
Reprogrammings or Transfers.....	5
Fund Control Notices.....	5



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF PLANNING, EVALUATION AND POLICY DEVELOPMENT

JAN 25 2006

Mr. John P. Higgins, Jr.
Inspector General
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202-1510

Dear Mr. Higgins:

As required by Section 1704(d) of Title 21 United States Code, enclosed please find a detailed accounting of all fiscal year 2005 Department of Education drug control funds for your authentication, in accordance with the guidelines in Office of National Drug Control Policy (ONDCP) Circular *Drug Control Accounting*, dated April 18, 2003.

Consistent with the instructions in the ONDCP Circular, please provide your authentication to me in writing, and I will transmit it to ONDCP along with the enclosed accounting of funds. As you know, ONDCP requests these documents by February 1, 2006, if possible. Please do not hesitate to contact me if you have any questions about the enclosed information.

Sincerely,

A handwritten signature in black ink that reads "Thomas P. Skelly".

Thomas P. Skelly
Director, Budget Service

TABLE OF PRIOR YEAR DRUG CONTROL OBLIGATIONS

Fiscal Year 2005 Obligations
(in \$ millions)

Drug Resources by Function

Prevention	\$591.794
Total	591.794

Drug Resources by Decision Unit

Safe and Drug-Free Schools and Communities Program

SDFSC State Grants	438.675
SDFSC National Programs	<u>153.119</u>
Total	591.794

NOTE: Detail may not add to total due to rounding.

PROGRAM DESCRIPTIONS

The programs funded under the Safe and Drug-Free Schools and Communities (SDFSC) Act comprise the only Department of Education programs included in the national drug control budget. The SDFSC program provides funding for research-based approaches to drug and violence prevention that support the *National Drug Control Strategy*. Safe and Drug-Free Schools and Communities is the Federal Government's largest drug prevention program and the only Federal program that provides direct support to schools for efforts designed to prevent school violence. Under the SDFSC Act, funds are appropriated for State Grants and for National Programs.

SDFSC State Grants

SDFSC State Grant funds are allocated by formula to States and Territories, half on the basis of school-aged population and half on the basis of each State's share, for the prior year, of Federal funds for "concentration grants to local educational agencies (LEAs) for improving the academic achievement of disadvantaged students" under section 1124A of Title I of the Elementary and Secondary Education Act (ESEA). Generally, Governors received 20 percent, and State educational agencies (SEAs) 80 percent, of each State's allocation. SEAs are required to subgrant at least 93 percent of their allocations to LEAs; these subgrants are based 60 percent on LEA shares of prior-year funding under Part A of title I of the ESEA and 40 percent on enrollment. LEAs may use their SDFSC State Grant funds for a wide variety of activities to prevent or reduce violence and delinquency and the use, possession, and distribution of illegal drugs, and thereby foster a safe and drug-free learning environment that supports academic achievement. Governors may use their funds to award competitive grants and contracts to LEAs, community-based organizations, and other public and private organizations for activities to provide safe, orderly, and drug-free schools and communities through programs and activities that complement and support activities of LEAs.

SDFSC National Programs

SDFSC National Programs authorizes funding for several programs and activities to help promote safe and drug-free learning environments for students and address the needs of

troubled or at-risk youth, including Federal Activities (a broad discretionary authority that permits the Secretary to carry out a wide variety of activities designed to prevent the illegal use of drugs and violence among, and promote safety and discipline for, students); Evaluation and data collection activities; and an Alcohol Abuse Reduction Program to assist school districts in implementing innovative and effective programs to reduce alcohol abuse in secondary schools. SDFSC National Programs also authorizes: (1) Mentoring Programs, and (2) Project SERV (School Emergency Response to Violence, which is a crisis response program that provides education-related services to LEAs in which the learning environment has been disrupted due to a violent or traumatic crisis), both of which made obligations of funds in fiscal year 2005. However, as explained in the discussion of drug budget methodology below, funds for these two components of SDFSC National Programs are not included in the ONDCP drug budget and, therefore, they are not included in this obligations report.

DISCLOSURES

Drug Methodology

This accounting submission includes 100 percent of all fiscal year 2005 obligations of funds under the Safe and Drug-Free Schools and Communities (SDFSC) Act, with the exception of those SDFSC National Programs that have no clear drug control nexus. Accordingly, the amounts in the enclosed table of prior-year drug control obligations include 100 percent of funding for the SDFSC State Grants program, the SDFSC Alcohol Abuse Reduction program, and all other SDFSC National Programs, with the exclusion of obligations of funds for (1) SDFSC Mentoring Programs, (2) Project SERV (School Emergency Response to Violence), and (3) School Emergency Preparedness Initiatives.

Obligations by Drug Control Function

All obligations of funds for the SDFSC program shown in the table on page 2 of this report fall under the ONDCP drug control function category of prevention — the same functional category under which the budgetary resources for the SDFSC program are displayed for the Department of Education in the annual *National Drug Control Budget Summary* issued by ONDCP that accompanies the President's budget and in the *National Drug Control Strategy*.

Obligations by Budget Decision Unit

All obligations of drug control funds in the table on page 2 of this report are displayed using the SDFSC program as the budget decision unit — the same decision unit under which the budgetary resources for the Department of Education are displayed by ONDCP in the February 2005 *National Drug Control Budget Summary* that accompanied the 2006 President's budget in support of the *National Drug Control Strategy*.

Methodology Modifications

To improve the accuracy of the Department's drug budget methodology, beginning with the transmittal to Congress of the President's 2006 budget in February 2005, the Department is also now excluding from the national drug control budget funds for School Emergency Preparedness Initiatives, which primarily support grants to school districts to strengthen and improve their emergency response and crisis management plans at the district and school level by addressing the four phases of crisis planning (prevention and mitigation, preparedness, response, and recovery). As a result of this methodology change, this detailed accounting of fiscal year 2005

drug control funds excludes \$33.2 million that the Department would have reported in the table on page 2 if we had retained the School Emergency Preparedness Initiatives in the national drug control budget.

Material Weaknesses or Other Findings

The Department does not have any material weaknesses to disclose that affect the presentation of fiscal year 2005 drug-related obligations in this report. All other known weaknesses that affect the presentation of drug-related obligations in this report are explained in the drug methodology description above, and in the disclosures below.

Reprogrammings or Transfers

In 2005 the Department reprogrammed a small amount of funds within the SDFSC National Programs. This reprogramming increased the amount of funding for School Emergency Preparedness Initiatives and, by doing so, reduced the amount of 2005 drug-related obligations under the program by \$2.4 million. (Note: This \$2.4 million is included in the \$33.2 million disclosed above in the statement on the impact of the methodology modification.) There were no transfers that changed the amount of drug-related budgetary resources in the Department in fiscal year 2005.

Other Disclosures

The Department acknowledges the following limitations in the methodology described above for deriving the obligations of fiscal year 2005 drug control funds attributable to the SDFSC program:

- Although the budgetary resources in this report include 100 percent of obligations for SDFSC State Grants, Federal Activities, and Evaluation (exclusive of Project SERV and School Emergency Preparedness Initiatives), not all obligations of funds for these SDFSC programs support drug prevention activities — some of these funds support violence prevention and school safety activities that have no drug control-related nexus.
- Approximately \$5.8 million of the SDFSC National Programs funds included in the resource summary of this report (less than 1 percent of total fiscal year 2005 SDFSC reported drug control obligations) supported alcohol and other drug prevention projects for students enrolled in institutions of higher education; for college students served by such programs who are 21 years of age or older, alcohol is a legal drug and the alcohol prevention component of the program falls outside the scope of the *National Drug Control Strategy*.

ASSERTIONS

Obligations by Decision Unit

The fiscal year 2005 obligations of drug control funds shown in this report for the SDFSC drug budget decision unit are the actual 2005 obligations of funds from the Department's accounting system of record for the SDFSC program.

Drug Methodology

The methodology used to calculate the fiscal year 2005 obligations of drug prevention funds presented in this report is reasonable and accurate, because: (1) the methodology captures all of the obligations of funds under the SDFSC program that reasonably have a drug control-related nexus, and (2) these obligations of funds correspond directly to the display of resources for the SDFSC program in the Department's budget justifications to Congress that accompany the President's budget.

Data

No workload or other statistical information was applied in the methodology used to generate the fiscal year 2005 obligations of drug control funds presented in the table on page 2 of this report.

Other Estimation Methods

Where assumptions based on professional judgment were used as part of the drug methodology, the association between these assumptions and the drug control obligations being estimated is thoroughly explained and documented in the drug methodology disclosure on page 3 and in the other disclosures on page 4 of this accounting report.

Financial Systems

Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

Application of Drug Methodology

The methodology disclosed in the narrative of this report was the actual methodology used to generate the fiscal year 2005 obligations of drug control funds presented in the table on page 2.

Reprogrammings or Transfers

The data presented in this report properly reflect changes in drug control budget resources resulting from reprogrammings of fiscal year 2005 SDFSC funds.

Fund Control Notices

The Director of ONDCP has never issued to the Department of Education any Fund Control Notices under 21 U.S.C. 1703(f) or the applicable ONDCP Circular, *Budget Execution*. Therefore, the required assertion that the data presented in this report accurately reflect obligations of drug control funds that comply with all such Fund Control Notices is not applicable.