MEMORANDUM

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

From: Keith West /s/
      Assistant Inspector General for Audit Services


Our authentication was conducted in accordance with the guidelines stated in the Office of National Drug Control Policy Circular: Drug Control Accounting, dated May 1, 2007.

If you have any questions or wish to discuss the contents of this authentication, please contact Michele Weaver-Dugan, Director, Operations Internal Audit Team, at (202) 245-6941.

Attachment

We have reviewed management’s assertions contained in the accompanying Accounting, titled Department of Education Detailed Accounting of Fiscal Year 2007 Drug Control Funds, dated January 25, 2008 (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 May 1, 2007.

Keith West /s/  
Assistant Inspector General for Audit Services
DEPARTMENT OF EDUCATION

DETAILED ACCOUNTING OF
FISCAL YEAR 2007 DRUG CONTROL FUNDS

IN SUPPORT OF THE
NATIONAL DRUG CONTROL STRATEGY
AS REQUIRED BY SECTION 705(d) OF THE OFFICE OF NATIONAL
DRUG CONTROL POLICY REAUTHORIZATION ACT OF 1998
(21 U.S.C. 1704(d))

JANUARY 25, 2008
# DEPARTMENT OF EDUCATION

## DETAILED ACCOUNTING OF FISCAL YEAR 2007 DRUG CONTROL FUNDS

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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 705(d) of the Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998 (21 U.S.C. 1704(d)), enclosed please find a detailed accounting of all fiscal year 2007 Department of Education drug control funds for your authentication, in accordance with the guidelines in ONDCP Circular Drug Control Accounting, dated May 1, 2007.

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, 2008, if possible. Please do not hesitate to contact me if you have any questions about the enclosed information.

Sincerely,

Thomas P. Skelly
Director, Budget Service
TABLE OF PRIOR YEAR DRUG CONTROL OBLIGATIONS

Fiscal Year 2007 Obligations
(in $ millions)

<table>
<thead>
<tr>
<th>Drug Resources by Function</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>$492.867</td>
</tr>
<tr>
<td>Total</td>
<td>492.867</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drug Resources by Decision Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safe and Drug-Free Schools and Communities Program</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SDFSC State Grants</th>
<th>344.345</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDFSC National Programs</td>
<td>148.522</td>
</tr>
<tr>
<td>Total</td>
<td>492.867</td>
</tr>
</tbody>
</table>

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 receive 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 2007. 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 2007 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.

Note: In 2007, Congress appropriated $8.594 million under SDFSC National Programs exclusively for grants to LEAs to address youth violence and related issues in persistently dangerous schools. Consistent with the above methodology, those funds are included in this accounting submission because they are supporting drug prevention as well as school safety activities.

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 2007 National Drug Control Budget Summary that accompanied the 2008 President’s budget in support of the National Drug Control Strategy.
Methodology Modifications

The Department does not have any drug control budget methodological modifications to disclose.

Material Weaknesses or Other Findings

The Department does not have any material weaknesses to disclose that affect the presentation of fiscal year 2007 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 2007 the Department twice reprogrammed a small amount of funds within the SDFSC National Programs. These reprogrammings increased the amount of funding for School Emergency Preparedness Initiatives by a total of $2.4 million and, in doing so, reduced the amount of Education’s 2007 drug-related obligations by that same amount. There were no transfers that changed the amount of drug-related budgetary resources in the Department in fiscal year 2007.

Other Disclosures

The Department acknowledges the following limitations in the methodology described above for deriving the obligations of fiscal year 2007 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 $7.5 million of the SDFSC National Programs funds included in the resource summary of this report (1.5 percent of total fiscal year 2007 SDFSC reported drug control obligations) supported 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 2007 obligations of drug control funds shown in this report for the SDFSC drug budget decision unit are the actual 2007 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 2007 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 2007 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 2007 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 2007 SDFSC funds. In 2007 the Department twice reprogrammed a small amount of funds within the SDFSC National Programs: once on August 31, and again on September 25. The August 31 reprogramming exceeded $1 million and was approved in advance by ONDCP, as required by law. The September 25 reprogramming was less than $1 million and was not subject to ONDCP approval.

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.
February 1, 2008

John P. Walters
Director
Office of National Drug Control Policy
Executive Office of the President
Washington, D.C.  20500

Dear Mr. Walters:

In accordance with section 705(d) of the Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998 (21 U.S.C. 1704(d)), enclosed please find a detailed accounting of all fiscal year 2007 Department of Education drug control funds, along with the Department of Education Assistant Inspector General’s authentication of this accounting, consistent with the instructions in ONDCP Circular Drug Control Accounting, dated May 1, 2007.

Please do not hesitate to contact me if you have any questions about this information.

Sincerely,

Thomas P. Skelly
Director, Budget Service

Enclosure # 1: Department of Education Detailed Accounting of Fiscal Year 2007 Drug Control Funds, dated January 25, 2008

Enclosure # 2: Authentication letter from Keith West, Assistant Inspector General for Audit Services, dated February 1, 2008

cc: Keith West