



MAR 24 2003

MEMORANDUM FOR: SAMUEL T. MOK
Chief Financial Officer

FROM: *for Samuel T. MOK*
ELLIOT P. LEWIS
Assistant Inspector General for Audit

SUBJECT: Report on the U.S. Department of Labor's Detailed Accounting
Submission of Fiscal Year 2001 Drug Control Funds
Final Report No. 21-03-005-03-370

In accordance with 21 U.S.C. §1704(d), attached is the Inspector General's authentication of the Detailed Accounting Submission of Fiscal Year 2001 Drug Control Funds for the U.S. Department of Labor, consistent with the instructions provided in Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds, dated December 17, 1999. As such, the Detailed Accounting Submission, along with the authentication, must be transmitted to the National Drug Control Policy Office.

If you have any questions regarding this matter, please contact Deborah Outten-Mills, Director, National Audit and Evaluations Office, at (202) 693-7027.

Attachment

U.S. DEPARTMENT OF LABOR

**U.S. Department of Labor's Detailed
Accounting Submission of
Fiscal Year 2001 Drug Control Funds**

**U.S. Department of Labor
Office of Inspector General
Report Number: 21-03-005-03-370
Date Issued: MAR 24 2003**



SAMUEL T. MOK
Chief Financial Officer
U.S. Department of Labor
Washington, D.C. 20210

*Assistant Inspector General's Report
on the U.S. Department of Labor's Detailed Accounting Submission
of Fiscal Year 2001 Drug Control Funds*

We have reviewed management's assertion that the U.S. Department of Labor (DOL) Detailed Accounting Submission of Fiscal Year 2001 Drug Control Funds (attached) is presented, in all material respects, in conformance with criteria established by the Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds, dated December 17, 1999. DOL management is responsible for the assertions contained in the submission.

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.

The following information presents weaknesses noted in management's submissions:

The Department is reporting estimates of drug use from the 1991 National Household Survey on Drug Abuse (NHSDA), and uses these percentages to determine cost per participant. Annually, NHSDA generates statistical information on the use of illegal drugs by the United States population. However, the Department does not have the expertise to adjust the NHSDA's percentages to the Employment and Training Administration's (ETA) current program and participant populations. For example, since the 1991 survey was completed, the Job Training Partnership Act (JTPA) was superseded by the Workforce Investment Act of 1998 (WIA). However, WIA includes the Youth Opportunity Program, which was not a part of the JTPA. In addition, although Job Corps tests each participant for drugs, the Department's submission uses the 1991 NHSDA estimates of drug use instead of actual Job Corps experience. The Department needs to obtain the technical expertise to extract the estimates from the current NHSDA reports, and consider using the results of Job Corps drug testing.

We were able to identify and review actual obligations and expenditures of \$521,205, or .7 percent, of the \$78.8 million in drug control funds obligated by the Office of the Assistant Secretary for Policy and the Office of the Assistant Secretary for Administration and Management's Departmental Management in FY 2001. ETA's financial system does not separately identify its portion of funds appropriated and allotted to each state or Job Corps center

under the Drug Control Program. In addition, the states are not required to report specific expenditures on drug prevention for the \$41.5 million (52.7 percent) allocated to the WIA adults program, or the \$28.3 million (35.9 percent) allocated to the WIA youth program. In addition, Job Corps centers do not separately report expenditures for the \$8.5 million (10.7 percent) allocated to their programs. DOL should disclose that ETA's financial system does not identify the obligations and expenditures to states and Job Corps centers under the Drug Control Program.

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing came to our attention that caused us to believe that management's assertions as presented in the U.S. Department of Labor Detailed Accounting Submission of Fiscal Year 2001 Drug Control Funds are not presented in conformance with the ONDCP Circular.

This report is intended solely for the use of the United States Congress, the Office of National Drug Control Policy, and the U.S. Department of Labor. This report should not be used by anyone other than these specified parties.

Quentin W. Curtis
for ELLIOT P. LEWIS
Assistant Inspector General for Audit

June 27, 2002

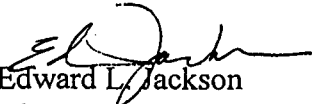
U.S. Department of Labor

Office of the Assistant Secretary
for Administration and Management
Washington, D.C. 20210

APR 10 2002

MEMORANDUM FOR BRENDA M. KYLE

FROM:


Edward L. Jackson
Director, Departmental Budget Center

SUBJECT

FY 2001 Annual Report Accounting for Drug Control Funds

The FY 2001 Annual Report Accounting for Drug Control Funds is transmitted with this memorandum and its attachments. In accordance with the requirements of the Office of National Drug Control Policy (ONDCP), the Department is required to have the OIG authenticate drug control expenditures.

If you have any questions regarding the attached, please contact Justine Hill at 693-4084 or Elena Carr in O/ASP on 219-6197 x128.

DEPARTMENT OF LABOR

A. TABLE OF PRIOR YEAR DRUG CONTROL OBLIGATIONS

(Dollars in Millions)

| | 2001 Final Authority | 2001 Obligations |
|---|-------------------------|---------------------|
| Drug Resources by Function | | |
| Prevention | \$78.849 | \$78.805 |
| Drug Resources by Decision Unit | | |
| Employment and Training Administration | \$78.294 | \$78.294 |
| Policy Direction and Support (DM S&E) | 0.364 | 0.350 |
| Financial and Administrative Services (WCF) | <u>0.191</u> | <u>0.161</u> |
| Total | \$78.849 | \$78.805 |
| Drug Resources Personnel Summary | | |
| Total FTEs (direct only) | 1 | 1 |
| Information | | |
| Total Agency Budget | \$12,049.7 | |
| Drug Percentage | 0.65% | |

1. DRUG METHODOLOGY

The Department of Labor has two types of programs that account for drug control obligations, job-training programs and drug-free workplace initiatives. The job-training programs include Adult, Youth and Job Corps and are administered by the Employment and Training Administration under the Workforce Investment Act (WIA). The drug-free workplace initiatives include DOL's internal program, as required of all federal workforces, and its separate public education campaign known as *Working Partners*.

Adult and Youth Job Training Activities – The amount of funding scored as drug control is an estimate of the preventative effect of the job-training programs provided to WIA participants. Using data from the National Household Survey on Drug Abuse, the number of WIA participants likely to be current drug users is estimated. This data is then applied to the average cost per participant to derive the total drug resource levels for the WIA programs. In addition, the participant unit costs and the number of participants are updated as necessary. Therefore, total drug control obligation estimates may fluctuate based on these revisions.

Job Corps Program – The amount of funding scored as drug control is an estimate of the costs associated with providing enrollee drug testing, counseling, education, and referral under the Trainee Employment Assistance Program (TEAP).

Drug-Free Workplace Programs - The Department of Labor's drug control obligations also includes the maintenance of its public education campaign known as the *Working Partners for an Alcohol- and Drug-free Workplace* Program, as well as support costs for the management of the Department's own internal drug-free workplace program. Separate accounts are maintained and actual expenditures are recorded.

2. METHODOLOGY MODIFICATIONS

No methodology modifications since the last submission.

3. MATERIAL WEAKNESSES

The Employment and Training Administration (ETA):

No known material weaknesses.

Job Corps:

No known material weaknesses.

Workforce Investment Act Programs:

Obligations reported here are estimates only – states do not report specific expenditures on drug prevention – rather based on assumption that certain percentage of WIA participants are drug users and that job training has a preventative effect.

Departmental Management accounts:

No known material weaknesses.

4. REPROGRAMMINGS OR TRANSFERS.

No reprogramming or transfers reported.

5. OTHER DISCLOSURES – None.

B. ASSERTIONS

1. DRUG METHODOLOGY

These estimates are reasonable and accurate because:

1. Data

- ETA – per participant costs are based on last available year; estimates of drug using participants unavailable; therefore use 1991 NHSDA data.
- Job Corps – cost expenses are estimates
- DM – actual expenditures are recorded.

- ##### **2. Other Estimation Methods - Professional Judgement/logic used to arrive at estimates; assumption is sound/logical that job training activities**

contribute to prevention – continues to be valid though unable to document specific extent of impact

3. Completeness – covers all identifiable drug-related activities of significance.
 4. Financial Systems -Financial Systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.
2. Application of Methodology – methodology disclosed is the actual methodology used to generate table of obligations.
 3. Financial Plan (Including Reprogramming or Transfers) – data presented are associated with applications against a financial plan – no revisions have been made.

DEPARTMENT OF LABOR

FY2001 Drug Control Budget Summary of Obligations

Note: \$ in millions

I. Resource Summary

- Goal 1: Educate and enable America's youth to reject illegal drugs as well as the use of alcohol and tobacco.
 Goal 3: Reduce health and social costs to the public of illegal drug use.

| | FY2001 Final Budget Authority | FY2001 Actual Obligations |
|---|----------------------------------|------------------------------|
| Drug Resources by Goal | | |
| Goal 1 | \$36.794 | \$36.794 |
| Goal 3 | \$42.055 | \$42.011 |
| Total | \$78.849 | \$78.805 |
| Drug Resources by Function | | |
| Prevention | \$78.849 | \$78.805 |
| Total | \$78.849 | \$78.805 |
| Drug Resources by Decision Unit | | |
| Employment and Training Administration | \$78.294 | \$78.294 |
| Policy direction and support (DM S&E) | \$0.364 | \$0.350 |
| Financial and Administrative Services (WCF) | \$0.191 | \$0.161 |
| Total | \$78.849 | \$78.805 |
| Drug Resources Personnel Summary | | |
| Positions | | |
| Direct | 1 | 1 |
| FTE | | |
| Direct | 0 | 0 |
| Information | | |
| Total DOL Budget | \$12,049.7 | |
| Drug Percentage | 0.65% | |

**Working Capital Fund (DOL Internal Drug-Free Workplace Program)
 FY2001 Drug Control Budget Summary of Obligations**

Note: \$ In millions

I. Resource Summary

Goal 3: Reduce health and social costs to the public of illegal drug use.

| | | FY2001 Final Budget Authority | FY2001 Actual Obligations |
|---|-------------------|----------------------------------|------------------------------|
| Drug Resources by Goal | | | |
| Goal 3 | DOL Internal DFWP | \$0.191 | \$161,000 |
| Total | | \$0.191 | \$161,000 |
| Drug Resources by Function | | | |
| Prevention | DOL Internal DFWP | \$0.191 | \$0.161 |
| Total | | \$0.191 | \$0.161 |
| Drug Resources by Decision Unit | | | |
| Policy direction and support (DM S&E) | DOL Internal DFWP | \$0.191 | \$0.161 |
| Total | | \$0.191 | \$0.161 |
| HIDTA Transfer | | \$0.000 | \$0.000 |
| Special Forfeiture Fund Transfer | | \$0.000 | \$0.000 |
| ICDE Resources | | \$0.000 | \$0.000 |
| Drug Resources Personnel Summary | | | |
| Positions | | | |
| Direct | | 1 | 1 |
| FTE | | | |
| Direct | | 1 | 1 |
| Information | | | |
| Total DOL Budget | | \$12,049.7 | |
| Drug Percentage | | 0.002% | |

**Office of the Assistant Secretary for Policy (Working Partners for an Alcohol- and Drug-Free Workplace)
 FY2001 Drug Control Budget Summary of Obligations**

Note: \$ in millions

I. Resource Summary

Goal 3: Reduce health and social costs to the public of illegal drug use.

| | | FY2001 Final Budget Authority | FY2001 Actual Obligations |
|---|------------------|----------------------------------|------------------------------|
| Drug Resources by Goal | | | |
| Goal 3 | Working Partners | \$0.364 | \$0.350 |
| Total | | \$0.364 | \$0.350 |
| Drug Resources by Function | | | |
| Prevention | Working Partners | \$0.364 | \$0.350 |
| Total | | \$0.364 | \$0.350 |
| Drug Resources by Decision Unit | | | |
| Policy direction and support (DM S&E) | Working Partners | \$0.364 | \$0.350 |
| Total | | \$0.364 | \$0.350 |
| HIDTA Transfer | | \$0.000 | \$0.000 |
| Special Forfeiture Fund Transfer | | \$0.000 | \$0.000 |
| ICDE Resources | | \$0.000 | \$0.000 |
| Drug Resources Personnel Summary | | | |
| Positions | | | |
| Direct | | 0 | 0 |
| FTE | | | |
| Direct | | 0 | 0 |
| Information | | | |
| Total DOL Budget | | \$12,049.7 | |
| Drug Percentage | | 0.003% | |