



# Semiannual Report to Congress, No. 84

October 1, 2021–March 31, 2022

U.S. Department of Education  
Office of Inspector General

Office of Inspector General  
Sandra D. Bruce  
Inspector General

May 2022

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# Message from Inspector General Sandra D. Bruce

On behalf of the employees of the U.S. Department of Education (Department) Office of Inspector General (OIG), I want to open this Semiannual Report by acknowledging the lives of the nearly 1 million people we lost in this country due to the coronavirus disease 2019 (COVID-19) pandemic. Although we are so grateful for the availability of vaccines and antiviral treatments that allowed our nation to move forward in a post-pandemic world, our thoughts go out to the families and friends of those who lost their lives to the pandemic. We pray for their families and friends that the memories of their loved ones are a comfort and will help them through these difficult times.

Here at the OIG, at the end of this reporting period we were preparing staff for an April 4, 2022, return to the workplace. For the period covered by this Semiannual Report (October 1, 2021, through March 31, 2022), we continued to work in a maximum telework posture, with an exception for OIG staff working on mission-essential activities and other staff interested in working in an OIG office. We continued our efforts to connect with one another, collaborate, and create new ways of approaching and conducting our oversight and law enforcement efforts so we could meet our responsibilities on behalf of America's taxpayers and students. In the pages of this report, you will find the results of our efforts. Specific highlights of the work we completed during this time period follow.

In our audit-related work, we issued 9 reports, identified more than \$2.9 million in questioned and unsupported costs, and offered recommendations aimed at improving Department programs and operations. Examples of this audit work are highlighted below. In addition, we completed 56 quality control and desk reviews of required audits submitted by recipients of Department funding and issued 6 notices to independent public accountants notifying them of changes to audit guidance and standards during this reporting period. You will find the results of that work beginning on [page 40](#) of this report.

- Our fiscal year (FY) 2021 Federal Information Security Modernization Act of 2014 (FISMA)

review concluded that although the Department made several improvements in implementing its cybersecurity posture, the Department's overall information technology security program and practices were not effective in all five security functions reviewed. We had findings in four of the nine metric domains, which included findings with the same or similar conditions identified in prior reports, as well as open findings from previous years where the corrective action plan was not completed.

- For FY 2021, the financial statements for the Department and Federal Student Aid (FSA) were presented fairly in all material respects, in accordance with generally accepted accounting principles. However, the auditors identified one material weakness in the Department's controls over the reliability of underlying data used in credit reform re-estimates of the subsidy costs of its student loan programs. The auditors also noted three significant deficiencies, involving (1) information technology controls, (2) monitoring controls over service organizations, and (3) an entity-wide deficiency in its overall control environment.
- We issued four reports specific to pandemic relief aid oversight, including a review of the Department's plans and processes to ensure Teacher Education Assistance for College and Higher Education or TEACH grantees receive full-time credit toward their service obligations for part-time and temporarily interrupted service due to the pandemic. Among our findings, we identified weaknesses in FSA's plans and processes, in its communications with recipients, and with the identification and reprocessing of recipients eligible for pandemic aid flexibilities. This may have resulted in inappropriate denials of flexibilities to some eligible recipients, placed the responsibility on denied recipients to initiate decision appeals, and may have provided flexibilities to recipients who may not have been entitled to those benefits.



- Our audit of the Massachusetts Department of Elementary and Secondary Education's administration of the Temporary Emergency Impact Aid for Displaced Students Program found that it did not ensure that displaced student count data provided to the Department were accurate and complete because it did not have adequate controls to prevent or detect inaccurate displaced student counts. As a result, it reported inaccurate displaced student count data to the Department for school year 2017–2018, and its Emergency Impact Aid program allocations to the local educational agencies (LEAs) were incorrect. We estimate that Massachusetts allocated to those LEAs some \$980,999 in Emergency Impact Aid program funds that Massachusetts and its LEAs should not have received. For the LEAs reviewed, we also identified about \$1.43 million in unsupported costs for students reported as children with disabilities and some \$304,300 in unsupported costs for employees who worked at schools that did not support displaced students.

In our investigative work, we closed 34 investigations involving fraud or corruption and secured more than \$55.9 million in restitution, settlements, fines, recoveries, forfeitures, and estimated savings. As a result of this work, criminal actions were taken against numerous people, including current and former school officials and service providers who cheated students and taxpayers. Our investigative work included the following.

- The former Secretary of the Puerto Rico Department of Education was sentenced to prison for conspiracy and fraud. The former Secretary and others used their positions to benefit and enrich themselves with Federal funds, specifically by awarding contracts through a corrupt bidding process. This included a \$95,000 professional services contract that the Puerto Rico Department of Education awarded to an unqualified contractor with close ties to the former Secretary.
- The owner, operator, and chief executive officer of three third-party debt relief companies who was previously sentenced to prison, was ordered to pay nearly \$42 million in restitution for perpetrating a multimillion-dollar fraud scam that

targeted student loan borrowers who were seeking student loan forgiveness, loan consolidation, and reduced payment programs.

- Criminal actions were taken against a number of high-ranking college officials, including sentences for participants in a \$2.9 million scam at the Center for Employment Training in Chicago, a prison sentence and \$1.1 million restitution order for the Chief Executive Officer of a diving school in New Jersey for fraud, a guilty plea by a former financial aid director at Reynolds Community College in Virginia for orchestrating a decade-long student aid fraud scheme, and a prison sentence and \$250,000 fine for the former Dean of Temple University's Richard J. Fox School of Business and Management for his role in a rankings fraud scheme.
- Criminal actions were also taken against a number of high-ranking K–12 officials for their criminal actions, including the conviction and guilty pleas by former school superintendents, officials, and vendors in a \$10 million virtual education fraud scheme in Alabama; indictment of the former chief financial officer of the Houston Independent School District and a vendor along with guilty pleas by its Board of Education President and others for their roles in a public corruption scheme; and indictments of two executives of a Chicago-area nonprofit for misappropriating \$1.8 million in funds intended to support the organization's work with underprivileged youth.

Our Semiannual Report also contains information on other efforts the OIG completed during this reporting period. This includes our required non-Federal audit related work and summary tables containing statistical and other data as required by the Inspector General Act of 1978, as amended, and other statutes.

To the members of the U.S. Congress, we thank you for all that you are doing to help our nation during the pandemic. The OIG will fulfill its responsibilities set forth in the coronavirus response and relief measures by ensuring that the funding provided to the Department and its grantees is used as intended and by investigating misuse, theft, or other criminal activity involving these funds. As a member of the Pandemic Response Accountability Committee established by the



Coronavirus Aid, Relief, and Economic Security Act, we will work tirelessly with our colleagues to help ensure that the funding you allotted is protected from fraud, waste, and abuse. Our nation deserves nothing less.

In closing, it was an honor to have been confirmed as the Inspector General of this Department. I will draw on my experience in the Federal government and the Inspector General community in leading this organization with its proven record of accomplishment and exemplary work. I look forward to continuing to work with this outstanding OIG team, the Department, members of Congress, and my colleagues in the inspector general community to provide our nation's taxpayers with assurance that the Federal government is using their hard-earned money effectively and efficiently.

A handwritten signature in black ink, reading "Sandra D. Bruce". The signature is written in a cursive, flowing style.

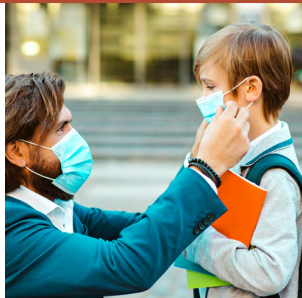
Sandra D. Bruce  
Inspector General



# Contents

Coronavirus  
Response and  
Relief Oversight

2



Disaster Recovery  
Oversight

10



Federal Student  
Aid Programs and  
Operations

14



Elementary,  
Secondary, and  
Special Education  
Programs

26



Department  
Management  
and Operations

34



Other OIG  
Efforts

40



Required  
Reporting

49



Acronyms and  
Abbreviations

70







# Coronavirus Response and Relief Aid

The U.S. Department of Education (Department) has been charged with allocating billions of dollars to assist States, K–12 schools, school districts, and institutions of higher education in meeting their needs and the needs of their students impacted by the coronavirus disease 2019 (COVID-19). The Office of Inspector General (OIG) has been charged with ensuring that these vital funds are used as required and reach the intended recipients, and with investigating misuse, theft, and other criminal activity involving these funds.

## Reports

Three measures have been signed into law providing the Department with more than \$280 billion to assist States, K–12 schools, school districts, and institutions of higher education in meeting their needs and the needs of their students impacted by the coronavirus pandemic—the Coronavirus Aid, Relief, and Economic Security Act or CARES Act (March 2020), the Consolidated Appropriations Act, 2021–Coronavirus Response and Relief Supplemental Appropriations Act (December 2020), and the American Rescue Plan (March 2021). Starting in 2020 and continuing over the next several years, the OIG will be conducting a series of audits and reviews of programs, grants, requirements, and flexibilities established under these measures, as shared in our [Pandemic Relief Oversight Plan](#) and in our [FY 2022 Annual Plan](#). We will also highlight this work in our Semiannual Reports to Congress and via our [coronavirus webpage](#). During this reporting period, we issued four reports specific to pandemic relief aid. Summaries of those reports follow.

### The Department’s Implementation of CARES Act Flexibilities to TEACH Grant Service Obligations

In January, we issued the results of our evaluation of the Department’s plans and processes to ensure Teacher Education Assistance for College and Higher Education (TEACH) grantees receive full-time credit toward their service obligations for part-time and temporarily interrupted service due to the pandemic. The TEACH Grant program provides grants of up to \$4,000 a year to students who agree to serve as full-time teachers in a high-need field in a public or private elementary school, secondary school, or educational service agency that serves students from low-income families. They must teach full-time for at least 4 academic years within 8 years of completing a program of study, otherwise known as the service obligation period, regardless of how many TEACH Grants were received. If the recipient fails to meet the service obligation requirements, the Department converts the total amount of TEACH Grant funds received to a Federal Direct Unsubsidized Loan. FSA administers the TEACH Grant program and, through a designated student loan servicer, monitors the progress of grant recipients in fulfilling their service obligations. Per the CARES Act, the Department could modify the categories of extenuating circumstances under which a recipient who is unable to fulfill all or a part of their service obligation may

be excused from fulfilling that portion of the TEACH Grant service obligation. In FY 2020, the Department disbursed more than 25,000 grants totaling \$78.1 million under the TEACH Grant program, with 93,925 recipients in their service obligation period during FY 2020.

Our review found weaknesses in FSA's development and implementation of plans and processes to ensure TEACH grantees receive full-time credit toward their service obligations for part-time or temporarily interrupted service due to the pandemic. FSA established a process that relied solely on whether a recipient's employment end date fell within a specified period to determine applicability of CARES Act flexibilities, with no additional documentation required, and that applied only to academic year 2019–2020. We also identified weaknesses in FSA's communications with recipients and with the identification and reprocessing of recipients eligible for CARES Act flexibilities. This included instances where recipients whose employment met the established criteria for reprocessing were not always identified, recipients who were identified did not always meet the established criteria for reprocessing, and it was not always clear if those identified for reprocessing ultimately received credit towards their service obligation for the 2019–2020 academic year. Additionally, we determined that FSA did not effectively develop or oversee the implementation of the TEACH Grant servicer contract modification. We noted that the contract modification provided minimal direction and guidance to the servicer in implementing CARES Act flexibilities, updated guidance was not timely approved or finalized by FSA, and sampling performed by FSA, as referenced in the modification to ensure that certifications were being appropriately processed by the servicer, was limited.

To address the issues identified, we recommended that FSA ensure potentially impacted recipients are notified that they may be eligible for a full year of qualifying teaching service if, during the 2019–2020 or 2020–2021 school years, their service was interrupted by the pandemic, including sending communications to potentially impacted recipients and posting more detailed information on customer-facing web pages. We also recommended FSA ensure TEACH Grant servicer guides are updated to include applicable processes for recipients who are eligible for CARES Act flexibilities and ensure that FSA's sampling of the population of recipients potentially impacted by the pandemic includes recipients who may have been denied credit because their end date did not fall within the specified time period, as well as those that had the specified end date but had a start date that did not fall within FSA's presumptions about when most school years begin. FSA agreed with our finding and two of our three recommendations. [TEACH Grant Report](#)

### Review of State Plans for Use of Governor's Emergency Education Relief Funds

Congress provided more than \$4.2 billion to Governors' offices to provide to local educational agencies (LEAs) and institutions of higher education (IHEs) that were most significantly impacted by coronavirus, or LEA, IHEs, and other education-related entities that a Governor deemed essential to provide educational services to students and to support ongoing operations during the pandemic. These funds are referred to as Governor's Emergency Education Relief (GEER) funds. States applied for their allocation of GEER funds by submitting to the Department an executed Certification and Agreement, which included programmatic, fiscal, and reporting assurances.





This included an assurance that within 45 days of receiving GEER funds the State would submit to the Department an initial report detailing the State's process for awarding the funds to LEAs, IHEs, or other education-related entities, including the criteria for determining those entities that are "most significantly impacted by coronavirus" or "essential for carrying out emergency educational services." States were also required to provide an annual report that includes information related to the types of entities that were awarded funds, including a listing of LEAs, IHEs, and other education-related entities and their expended funds. The data collection form requested that States acknowledge and identify any changes to the State's LEA and IHE GEER funding conditions or requirements since the State's initial 45-day

report to the Department. The first annual report, due February 1, 2021, had an applicable reporting period of March 13, 2020, to September 30, 2020.

We conducted a review of States' initial 45-day GEER Fund reports to determine how they planned to allocate funds to entities within the three authorized categories: LEAs, IHEs, and education-related entities, and the criteria upon which these decisions were based; and reviewed GEER fund annual reports to identify changes to and progress made from the initial plans in the 45-day reports. Our review found that within the three authorized entity categories, 45 States (87 percent) planned to allocate GEER funds to LEAs, 39 States (75 percent) planned to allocate funds to IHEs, and 36 States (69 percent) planned to allocate funds to other education-related entities. Further, we found that 41 States (79 percent) planned to allocate GEER funds among more than one entity category. We also noted that 46 States (88 percent) identified criteria and processes used to determine which LEAs, IHEs, or other education-related entities were "most significantly impacted by coronavirus" or "essential for carrying out emergency educational service." These States identified entity categories or priority areas within authorized entity categories that were "most significantly impacted" or essential, and included data, research, or other explanations related to how they made these determinations. Conversely, we found that 6 States (12 percent) did not identify criteria and processes used to determine which entities were "most significantly impacted by coronavirus" or "essential for carrying out emergency educational service." Some of these States simply provided which entities would receive funds but did not state how they determined which entities were "most significantly impacted" or essential. Others identified priority areas but did not explain how those were determined.

As of September 30, 2020, the annual reports indicated that States expended \$535 million (18 percent) of the \$3 billion in GEER funds awarded under the CARES Act. We found that 31 States reported no expenditures; 5 States reported that all of their GEER funds had been expended. Our comparison of entity categories listed on the annual reports with those that were noted in the initial 45-day reports noted that only 16 of the States identified the same entity categories for allocation of

funds in their annual reports as in their initial 45-day reports; 7 States identified at least one entity category in their annual reports that was not included in their initial 45-day reports; 14 States identified fewer entity categories in their annual reports than were included in their initial 45-day reports; and 14 States did not identify any entity categories in their annual reports. We shared this information with the Department for their use and reference. [State GEER Fund Plans](#)

## States' Awarding and Monitoring of GEER Fund Grants

During this reporting period, we issued the first of what will be a series of reports on whether selected States designed and implemented (1) awarding processes that ensured GEER fund grants were used to support LEAs and IHEs that were most significantly impacted by the pandemic, or LEAs, IHEs, or other educational-related entities within the States that were deemed essential for carrying out emergency educational services; and (2) monitoring processes that ensured that subgrantees used GEER fund grants in accordance with pandemic relief aid laws and other applicable Federal requirements. During this reporting period, we issued our first report in the series that examined the State of Missouri. We will share the results of our additional work in this series in future Semiannual Reports to Congress.

### *Missouri's Administration of the Governor's Emergency Education Relief Fund Grant*

The Governor of Missouri received \$54.6 million in GEER grant funds. The State allocated \$30 million to its Department of Elementary and Secondary Education (DESE), which was the State's fiscal agent, and \$24.6 million to its Department of Higher Education and Workforce Development (DHEWD). DESE allotted \$15 million of its GEER grant funds for its LEA Connectivity Initiative that was intended to increase the number of elementary and secondary education students who have access to the internet and digital learning resources, and \$15 million in GEER grant funds for its LEA Transportation Supplement Initiative to assist LEAs with transportation-related expenses arising from the pandemic. DHEWD allotted \$23.6 million of its GEER grant funds to an IHE Initiative that was intended to provide institutional support to its 23 public IHEs, all of which had a 12 percent reduction in funding for fiscal year 2021 due to shortfalls in Missouri's General Revenue Fund.

We determined that for all three initiatives, Missouri ensured that the LEAs and IHEs that received a GEER



grant allocation submitted the required applications and assurances. We also found that Missouri followed cash management requirements. Further, for two of the initiatives that Missouri funded with its GEER grant (LEA Transportation Supplement Initiative and IHE Initiative), Missouri's DESE and its DHEWD designed and implemented awarding processes that ensured the GEER grant was used to support LEAs and IHEs that were most significantly impacted by the pandemic, as determined by the State. However, for the third initiative (LEA Connectivity Initiative), although DESE created a methodology designed to ensure the GEER grant funds were used to support LEAs that were most significantly impacted by the coronavirus, it did not correctly implement the process it designed. Specifically, DESE's implementation included an error in its written allocation methodology for a data element used to identify the LEAs most significantly impacted by the coronavirus and a formula error in the calculation used to rank LEAs as most significantly impacted by coronavirus. DESE's implementation also lacked documentation to fully support that reallocations due to changes in guidance for equitable services to nonpublic schools and the correction of a formula error were accurate and complete. Because DESE did not provide documentation to fully support its LEA Connectivity Initiative reallocations, the audit team could not determine whether Missouri awarded GEER grant funds to LEAs most significantly impacted by the coronavirus.

Our work also determined that although DHEWD designed and implemented a comprehensive reimbursement process as its monitoring strategy to ensure that subgrantees of its IHE Initiative used GEER grant funds in accordance with the CARES Act and other applicable Federal requirements, DESE's plan for monitoring subgrantees of its LEA Connectivity and LEA Transportation Supplement initiatives could be strengthened. Specifically, DESE should include in its monitoring plan a requirement for LEAs to certify their responses to the self-assessment questionnaire DESE will use for monitoring, and develop protocols to review LEAs' expenditures, as this will provide additional assurance that subgrantees used GEER grant funds for allowable purposes. After the exit conference, DESE added a requirement in its GEER Fiscal Monitoring Guide for LEAs to certify their responses to the self-assessment monitoring questionnaire, and revised the guide to include a review of high-risk LEAs' expenditures during on-site monitoring reviews. However, because the number of LEAs likely to be identified as high-risk based on DESE's risk assessment process is small, also reviewing a sample of medium-risk LEAs' expenditures would increase the likelihood that DESE's monitoring process would identify unallowable expenditures.

To address the issues identified, we recommended that the Department require Missouri to provide evidence that its May 2021 LEA Connectivity Initiative reallocations are accurate and complete and, if not, make proper corrections as needed and inform the affected LEAs accordingly; develop and implement controls to ensure that allocation methodologies are implemented as designed and funding decisions are fully supported; and develop and implement protocols to review a sample of medium-risk LEAs' expenditures for allowability. Missouri officials agreed with our findings and recommendations. [Missouri GEER Funds Report](#)



## Updated Pandemic Relief Oversight Plan

In April 2020, the OIG issued its CARES Act oversight plan, highlighting the subject areas that would be included in the OIG's body of work. During this reporting period, we updated our original plan, reflecting additional pandemic relief aid funding and OIG ongoing and planned work related thereto. As noted in the report, the OIG will continue to focus on auditing Department and grantee management and spending of pandemic relief aid funds; examining the effectiveness of the pandemic relief programs; and investigating misuse, theft, and other criminal activity involving these funds. [Pandemic Relief Oversight Plan](#)

## Investigative and Outreach

Below you will find information on an OIG pandemic relief aid investigation and an update on our coronavirus fraud awareness and outreach efforts.

### Two Louisiana College Students Pled Guilty to Identity Theft Associated with the Higher Education Emergency Relief Fund Program (Louisiana)

Two Louisiana College students pled guilty to charges of identity theft in a conspiracy to fraudulently get coronavirus Higher Education Emergency Relief Fund aid for their own use. The two and others obtained the student identification numbers and passwords of nine students and, without authority, accessed the school's student portal where they applied for grants in the names of those students and directed the grant payments to bank accounts controlled by members of the conspiracy.

### Outreach Efforts

Throughout this reporting period, the OIG continued to promote its fraud awareness materials specific to coronavirus response and relief aid from kindergarten through college, Governors' offices, and law enforcement organizations to identify and report potential fraud involving coronavirus response and relief funds to the OIG. This included a [digital booklet](#) and a [one-page flyer](#). The materials highlight what education-related coronavirus fraud could look like and provides information on free resources to help identify and report to the OIG's Special Investigations Unit. The Special Investigations Unit and regional investigative staff also continued to conduct outreach to stakeholders on identifying and reporting fraud and participated on Federal-State COVID-19 task forces and work groups. These task forces are a collective of Federal and State law enforcement and prosecutive entities combining their investigative power to quickly address fraud complaints and to identify, investigate, and prosecute fraud related to the pandemic.

### Pandemic Response Accountability Committee

The CARES Act established the Pandemic Response Accountability Committee (PRAC), composed of inspectors general from across the Federal government. The PRAC is tasked with conducting, coordinating, and supporting inspectors general in the oversight of the trillions of dollars in emergency Federal spending to address the economic impacts of the COVID-19 pandemic. The CARES Act named nine specific agency inspectors general to the Committee, including the U.S. Department of Education. Inspector General Sandra D. Bruce represents the OIG on the PRAC,

chairs the PRAC's subcommittee on Government Accountability Office (GAO) and State and local oversight efforts, and is a member of the PRAC Financial Sector Oversight Workgroup.

During this reporting period, the PRAC's GAO, State and Local Subcommittee continued to hold "Listening Post" sessions—small discussion groups for those charged with providing oversight of coronavirus response and relief funds to discuss challenges, best practices, and to share information with State and local auditors, State treasurers, certified public accounting firms and tribal oversight entities, American Institute of Certified Public Accountants, GAO, other IGs, and the National Association of State Auditors, Comptrollers, and Treasurers. These Listening Posts provide an open and safe forum to discuss challenges, concerns, and best practices; facilitate coordination of audit, program, and other work when possible; and perhaps best of all, help find solutions to challenges in real-time.

The OIG also continued to work on several PRAC cross-cutting projects, including a multi-agency project required by the CARES Act specific to contract grants and staffing projects, and a look at recipients receiving coronavirus response and relief funds from multiple Federal programs for the same purpose (multi-dipping.) We will share the results of this work once issued.

## OTHER ACTIVITIES

### Participation on Committees, Work Groups, and Task Forces

- **PRAC.** Inspector General Sandra D. Bruce is a member of this Committee, established under the CARES Act. Inspector General Bruce is also leading the PRAC's subcommittee focused on GAO and State and local oversight efforts and is also a member of the Financial Sector Oversight Work Group. OIG Assistant Inspector General for Investigation Services Robert Mancuso also participates with the PRAC Identity Theft and Redress group.
- **Council of Counsels to the Inspectors General COVID-19 Work Group.** Counsel to the Inspector General Antigone Potamianos and OIG Assistant Counsels continued to help lead the government-wide OIG attorney working group regarding COVID-19 related legal issues.
- **Coronavirus/COVID-19 Federal-State Task Forces.** OIG criminal investigators continued to work with their Federal and State investigative and prosecutive partners to address COVID-19 fraud.



# Disaster Recovery Oversight

In 2018 and 2019, Congress passed, and the President signed into law measures providing the Department with nearly \$2.9 billion to assist K–12 schools, school districts, and institutions of higher education in meeting the educational needs of students affected by the hurricanes and wildfires that ravaged a number of States and territories. Congress also provided funding to the OIG to carry out oversight activities, such as auditing Department and grantee management and spending of disaster recovery funds; examining the effectiveness of recovery programs; and investigating misuse, theft, and other criminal activity involving these funds.



## Audit

During this reporting period, we issued another report in our series involving the Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) program—funding that LEAs and nonpublic schools can use to provide instructional opportunities for displaced students who enroll in their schools and for expenses incurred in serving displaced students. The audits seek to determine whether selected State educational agencies ensured that (1) displaced student count data provided to the Department were accurate and complete, (2) Emergency Impact Aid program funds were appropriately allocated to LEAs, and (3) LEAs appropriately accounted for Emergency Impact Aid program funds within Federal guidelines. You will find the results of most recent report below. The previously issued reports in this series (Texas, Florida, Puerto Rico) are available [here](#) on our website.

### Massachusetts Department of Elementary and Secondary Education’s Administration of the Temporary Emergency Impact Aid for Displaced Students Program

We determined that the Massachusetts Department of Elementary and Secondary Education (Massachusetts) did not ensure that displaced student count data provided to the Department were accurate and complete because it did not have adequate controls to prevent or detect inaccurate displaced student counts. Specifically, the displaced student count data for the two LEAs that we reviewed (Springfield Public Schools, Worcester Public Schools) were inaccurate and incomplete. As a result, Massachusetts reported inaccurate displaced student count data to the Department for school year 2017–2018, and its Emergency Impact Aid program allocations to these LEAs were incorrect. We estimate that Massachusetts allocated to the two LEAs we reviewed some \$980,900 in Emergency Impact Aid program funds that Massachusetts and its LEAs should not have received. We also determined that Massachusetts did not ensure LEAs appropriately accounted for Emergency Impact Aid program funds in accordance with Federal requirements. Specifically, Massachusetts did not ensure that Emergency Impact Aid program funds received for students reported as children with disabilities were recorded and tracked separately and LEAs expensed Emergency Impact Aid program funds for employees who worked at schools that

supported displaced students. For the two LEAs we reviewed, we identified about \$1.43 million in unsupported costs for students reported as children with disabilities and \$304,308 in unsupported costs for employees who worked at schools that did not support displaced students.

We made several recommendations to improve Massachusetts's internal controls over displaced student data counts and accounting for Emergency Impact Aid expenditures. Specifically, we recommended that Massachusetts develop and implement procedures to verify the accuracy and completeness of displaced student counts that can be used for Federal reporting requirements related to the Emergency Impact Aid program and ensure that LEA award notifications identify Emergency Impact Aid program funds by student type (including children with disabilities) and that funds are used appropriately. We also recommended that Massachusetts provide support for or return \$980,999 in Emergency Impact Aid program funds received based on inaccurate displaced student count data and about \$1.43 million received to provide services for students reported as children with disabilities. Massachusetts did not state whether it agreed or disagreed with the findings and recommendations; however, it stated that it will work with the two LEAs to resolve issues noted in the report. [Massachusetts EIA Report](#)

## Investigative Efforts

During this reporting period, the OIG continued to promote its fraud awareness materials specific to disaster recovery. This included special posters aimed at helping school officials and others identify and report potential fraud involving Disaster Recovery funds, and our Eye on ED podcast episodes specific to disaster recovery, including an episode on identifying and reporting disaster recovery fraud in Spanish. The free posters and Eye on ED Podcasts are available on our [website](#). In addition, OIG criminal investigators continued to work with the National Center for Disaster Fraud Working Group, a partnership between the U.S. Department of Justice and various law enforcement and regulatory agencies to improve and further the detection, prevention, investigation, and prosecution of fraud related to natural and man-made disasters.



# OTHER ACTIVITIES

## Participation on Committees, Work Groups, and Task Forces

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE) Disaster Assistance Working Group.** The OIG participates in this group that helps coordinate the Federal inspectors general community's oversight efforts of disaster-related funds.
- **National Center for Disaster Fraud.** The OIG is involved in this partnership between the U.S. Department of Justice and various law enforcement and regulatory agencies that work to improve and further the detection, prevention, investigation, and prosecution of fraud related to disasters.



# Federal Student Aid Programs and Operations

The Federal student financial aid programs have long been a major focus of our audit and investigative work. These programs are inherently risky because of their complexity, the amount of funds involved, the number of program participants, and the characteristics of student populations. OIG efforts in this area seek not only to protect Federal student aid funds from fraud, waste, and abuse, but also to protect the interests of the next generation of our nation's leaders—America's students.



## Audit

The Department disburses about \$112 billion in Federal student aid annually and manages or oversees an outstanding loan portfolio valued at more than \$1.6 trillion. This makes the Department one of the largest financial institutions in the country. As such, effective oversight and monitoring of its programs, operations, and program participants are critical. Within the Department, the Office of Postsecondary Education and FSA are responsible for administering and overseeing the student aid programs. The Office of Postsecondary Education develops Federal postsecondary education policies, oversees the accrediting agency recognition process, and provides guidance to schools. FSA disburses student aid, authorizes schools to participate in the student aid programs, works with other participants to deliver services that help students and families finance education beyond high school, and enforces compliance with FSA program requirements. During this reporting period, OIG work identified actions that FSA should take to address issues identified in the OIG audit report highlighted below.

### Schools' Use of Professional Judgment

In our last Semiannual Report to Congress, we shared the results of the first audit in our series examining whether selected schools applied, documented, and reported their use of professional judgment in accordance with the Higher Education Act of 1965, as amended (HEA). Under section 479A of the HEA, professional judgment refers to the authority of a school's financial aid administrator, with adequate documentation and on a case-by-case basis, to adjust a student's cost of attendance or the values of the data items required to calculate the expected student or parent contribution or both to allow for treatment of an individual student with special circumstances. Under section 480 of the HEA, a financial aid administrator may also make a determination of independence for an otherwise dependent student with other unusual circumstances (dependency override). Special and unusual circumstances are conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. During this reporting period, we issued the second report in our series involving Bais HaMedrash and Mesivta of Baltimore, a private nonprofit school located in Baltimore, Maryland. We will share the results of additional work in this series in future Semiannual Reports to Congress.

*Bais HaMedrash and Mesivta of Baltimore's Use of Professional Judgment*

Our audit found that Bais HaMedrash and Mesivta of Baltimore did not apply professional judgment in accordance with the HEA for 52 (80 percent) of the 65 students for whom it applied professional judgment for the time period covered by our review. Rather than applying professional judgment on a case-by-case basis for special circumstances, as required by the HEA, the school applied professional judgment across three classes of students—those whose families paid private school tuition, had investment properties, or received clergy allowances—and improperly applied professional judgment based on wedding expenses or standard living expenses (medical and dental insurance premiums, monthly support payments to the students' siblings, and student loan payments) unrelated to special circumstances. As a result, Bais HaMedrash and Mesivta of Baltimore awarded and disbursed more than \$155,800 more in Federal Pell Grant Program (Pell) funds than the 52 students would have otherwise received.

We also determined that the school did not document its use of professional judgment in accordance with the HEA for 37 (57 percent) of the 65 students for whom it applied professional judgment. For these 37 students, the school adjusted data items affecting gross income that resulted in a decrease in their expected family contributions without records that adequately documented special circumstances. The decreases in these 37 students' expected family contributions resulted in Bais HaMedrash and Mesivta of Baltimore awarding and disbursing more than \$80,300 more in Pell funds than the students would have otherwise received. Finally, although the school reported its use of professional judgment in accordance with FSA guidance for 97 percent (63 of 65) of the students for whom it applied professional judgment, the Department's Central Processing System did not indicate that the school applied professional judgment for 3 percent (2 of 65) of them.

We made a number of recommendations to address the issues identified, including that Bais HaMedrash and Mesivta of Baltimore return to the Department more than \$155,800 in Pell grant funds; that it provide records adequately documenting that it applied professional judgment in accordance with the HEA for the 37 students for whom we were not provided records substantiating their special circumstances or return to the Department more than \$80,300 in improper Pell payments; and that FSA take appropriate administrative action against the school for its extensive instances of noncompliance with the HEA. The school disagreed with most of our findings and recommendations. [Bais HaMedrash and Mesivta of Baltimore Report](#)

## Investigations

Identifying and investigating fraud in the Federal student financial assistance programs has always been a top OIG priority. The results of our efforts have led to prison sentences for unscrupulous school officials and others who stole or criminally misused Federal student aid funds, significant civil fraud actions against entities participating in the Federal student aid programs, and hundreds of millions of dollars returned to the Federal government in fines, restitutions, and civil settlements.

## Investigations of Schools and School Officials

The following are summaries of OIG investigations and links to press releases involving Federal student aid fraud and other fraud involving schools and school officials.

### *Actions Taken in Multimillion-Dollar Fraud Scam at Center for Employment Training (Illinois)*

In previous [Semiannual Reports to Congress](#), we noted actions taken against six former employees of the Center for Employment Training in Chicago for conspiring to steal millions of dollars from the Federal student aid programs. During this reporting period, five of the six were sentenced for their roles in the scam, including the former director, two financial aid officers, admissions advisor, and school instructor. From 2005 through 2013, the former director and the other conspirators applied for and obtained Federal student aid for “ghost students,” or students who were ineligible to receive the funds because they had not graduated from high school or earned a high school diploma equivalent. The director and her conspirators created and submitted to the Department fake Free Applications for Federal Student Aid (FAFSA) and other information making it appear as though the students were eligible to receive aid when they were not. As a result of their criminal efforts, the school received at least \$2.9 million in Federal student aid to which it was not entitled. The sentences ranged from 1 to 5 years of probation, and each of the four was ordered to pay restitution joint and severally of more than \$2.9 million.

### *Chief Executive Officer of Divers Academy International Sentenced, Will Pay \$1.1 Million in Restitution for Fraud (New Jersey)*

The president and chief executive officer of Divers Academy International, a private for-profit commercial diving school, was sentenced to 27 months in prison for fraud. The chief executive officer also agreed to pay \$1.1 million in restitution. As a for-profit institution, the diving school was required to be accredited through an approved accreditation body to be eligible to participate in the Federal student aid programs. The U.S. Department of Veterans Affairs also relies upon the accreditation in evaluating the eligibility of veteran students to receive student aid funding. Given that more than 80 percent of the diving school’s students received Federal



student aid, the diving school stood to lose its largest source of tuition funding for its students if it lost its accreditation. Before 2012, the school had been properly accredited. However, when renewing its accreditation that year, the chief executive officer submitted fraudulent information to the accrediting authority, including reporting employment rates of the school's graduates at 81 to 84 percent, when the employment rates were closer to 50 to 60 percent, significantly lower than the rate required to maintain accreditation. The chief executive officer also provided fraudulent information pertaining to the school's holding of "advisory board" meetings required for accreditation to ensure that the school's curriculum would educate students to meet the current demands of the industry and prospective employers. In the school's accreditation application, the chief executive officer reported holding advisory board meetings on various dates when, in reality, the school did not have a formal advisory board and did not regularly conduct meetings as required. Therefore, they did not satisfy the minimum accreditation requirements.

*Owner of Ohio Barber Academy Pled Guilty to Fraud (Ohio)*

The owner of the Ohio Barber Academy, doing business as the Flawless Academy in Cleveland, pled guilty to student loan fraud. The owner devised and implemented a scheme in order to obtain eligibility to participate in the Title IV Federal student aid programs (Title IV) for Flawless Academy, a school that was previously ruled ineligible to participate in the programs as it did not meet the necessary financial responsibility standards or administrative capability requirements. Through nefarious means, the owner purchased Merryville Barber College, a Title IV-eligible school, and established the Flawless Academy as a Merryville Barber College location, thus making it Title IV eligible. The owner submitted fictitious and false enrollment and attendance records for Flawless Academy "students," enabling the school to fraudulently receive more than \$300,000 in Federal student aid.





*Former Reynolds Community College Official Pled Guilty to Theft (Virginia)*

A former financial aid director at Reynolds Community College pled guilty to orchestrating a decade-long student aid fraud scheme. From 2006 through 2017, the former director used her access to the school's financial aid system to boost the financial aid eligibility for her family and friends who were not otherwise eligible for student aid benefits at the school. The former director had agreements with her co-conspirators to receive a portion of the improperly obtained student aid funds as compensation. The former director spent the funds on personal expenses, including repairs for her personal vehicle, retail shopping, and family expenses. [Press Release](#)

*Former Manatee Technical College Officer Indicted for Theft (Florida)*

A former financial aid officer at Manatee Technical College was indicted and arrested on charges of theft. The former officer is alleged to have devised a scheme to obtain Pell Grant credit balances and convert the funds for personal benefit. Over several years, the former official allegedly convinced students to return excess Pell Grant funds via money orders that the former financial aid officer would alter to deposit them into her personal bank account. The amount of the alleged fraud is about \$300,000.

*Former Dean of Temple University School of Business School Sentenced for Rankings Fraud (Pennsylvania)*

The former Dean of Temple University's Richard J. Fox School of Business and Management was convicted of fraud. The former Dean conspired and schemed to deceive the school's applicants, students, and donors into believing that the school offered top-ranked business degree programs, so they would pay tuition and make donations to Temple. From 2014 until at least 2018, the former Dean conspired with others to submit false information about the school's online Master of Business Administration and part-time Master of Business Administration programs to U.S. News & World Report in order to inflate Fox's rankings in the annual U.S. News surveys of top business school programs. The former Dean was sentenced to serve 1 year and 2 months in prison, 3 years of supervised release, and was ordered to pay a \$250,000 fine. [Press Release](#)

## Investigations of Student Aid Fraud Rings

Below are summaries and links to press releases on actions taken over the last 6 months against people who participated in Federal student aid fraud rings. Fraud rings are large, loosely affiliated groups of criminals who seek to exploit distance education programs to fraudulently obtain Federal student aid. These cases are just a sample of the large number of actions taken against fraud ring participants during this reporting period.

*Leader of \$1.4 Million Fraud Ring Convicted (Louisiana)*

The leader of a student aid fraud ring was convicted by a jury for orchestrating schemes to defraud the Department and the Small Business Administration. Specific to the Department, the ringleader used the identities of more than 180 people—some with and others without consent—that he used to apply for admissions to and receive student aid from Baton Rouge Community College. One hundred forty-five of the



people were ineligible to attend the school or receive the student aid as they did not have a high school diploma or its equivalent or were incarcerated at the time of enrollment. The ringleader submitted fraudulent documents on behalf of the 180 people, pretended to be the “students” when logging onto the schools’ systems, signed promissory notes on their behalf, and directed student loan award balances directed to bank accounts he controlled. When the student aid award balances were received, the ringleader kept more than 60 percent for himself; for 25 of the people, he kept 100 percent for himself and spent some of the money at casinos. As a result of his crimes, the ringleader received more than \$1.4 million in student aid. The ringleader also defrauded the Small Business Administration; he submitted a loan application on behalf of his business, Sterling Educational Consulting, LLC, that falsified the business’s revenues and costs and concealed a prior guilty plea to felony theft. As a result of these false statements, the Small Business Administration loaned the ringleader \$90,000 for him to pay the operating costs of his business during the COVID-19 pandemic. [Press Release](#)

“When the student aid award balances were received, the ringleader kept more than 60 percent for himself; for 25 of the people, he kept 100 percent for himself and spent some of the money at casinos. As a result of his crimes, the ringleader received more than \$1.4 million in student aid.

#### *Leader of Million Dollar Fraud Ring Sentenced (North Carolina)*

A woman was sentenced for orchestrating a fraud ring that targeted more than \$1 million in Federal student aid at a number of schools, including Asheville Buncombe Technical Community College, Grantham University, Guilford Technical Community College, Miller-Motte Technical College, Pitt Community College, Strayer

University, Ultimate Medical Academy, Wake Technical Community College, and Wayne Community College. From 2012 to 2019, the ring submitted enrollment and student aid applications on behalf of students who had no intention of attending the schools. Most students did not have a high school diploma or its equivalent so were ineligible to attend the schools or receive the aid. The ring also submitted fraudulent placement test scores to satisfy eligibility and completed online assignments for enrolled students. The ringleader used her bank to receive Federal student aid award balances and provided ring participants with a portion of the money. The ringleader was sentenced to serve 28 months in prison and 3 years of supervised release and was ordered to pay more than \$1 million in restitution.

*Member of Fraud Ring Sentenced for Targeting More Than \$1 Million in Student Aid (California)*

In a recent [Semiannual Report](#), we highlighted our case involving three women who were arrested for their roles in a fraud ring that targeted more than \$1 million in Federal student aid. During this reporting period, one of the ring members was sentenced for her role in the scheme. The ring members obtained the personally identifiable information of 235 people—including victims of identity theft and inmates in California State prisons—that was then used to apply for admissions to and receive student aid from Fullerton College and other schools. As a result of their actions, more than \$1 million in Federal student aid was disbursed to the straw students. The ring member was sentenced to time served and 3 years of supervised release and was ordered to pay nearly \$870,000 in restitution.

*Leader of \$500,000 Fraud Ring Sentenced (Mississippi)*

A woman was sentenced for orchestrating a fraud ring that targeted more than \$500,000 in student aid. The ring used the identities of other people—both with and without their knowledge—to apply for admissions to and receive Federal student aid from schools including Walden University, Colorado Technical University, and Purdue University Global, knowing that those people had no intention of attending classes or completing coursework. For those participants who willingly provided their information to the ringleader for use in the scam, the ringleader shared a portion of the student aid award balance once received. The other people had no knowledge that the ringleader had possession of their personally identifiable information nor were they aware that it was used to apply for student aid. The fraud ringleader was sentenced to serve 5 years of probation and was ordered to pay more than \$40,000 in restitution.

*Leader of \$289,000 Fraud Ring Indicted (North Carolina)*

The leader of a ring that targeted more than \$289,000 in student aid was indicted on fraud charges. From 2016 through 2018, the ringleader allegedly solicited friends and associates for their personally identifiable information which was used to apply for admissions to and receive student aid from a number of online colleges, including Grand Canyon University, American Public University System, and Southern New Hampshire University. The ringleader allegedly communicated with the schools claiming to be the students, attended classes, and completed coursework in their names, which enabled him to receive the aid. The ringleader allegedly had the student aid refund awards sent to bank accounts under his control.

*Leader of \$126,00 Ring Indicted (Montana)*

The leader of a fraud ring was indicted for targeting Federal student aid at Great Falls College and Montana State University. From 2016 and 2019, the leader and others allegedly enrolled unwitting family members and others at the schools, and submitted fraudulent school enrollment documents, FAFSAs, and Native American Tuition Waivers on their behalf for the sole purpose of obtaining as much student aid as possible. The ringleader allegedly had the student refund awards sent to bank accounts under her control.

*Leader of \$74,000 Student Aid Fraud Ring Indicted (Louisiana)*

A St. Barnard man was indicted for conspiring to commit student aid fraud. According to the indictment, the man allegedly conspired with others to submit fraudulent applications for student loans and grants to two local community colleges, using the names of seven different applicants. The applications contained false information for all applicants, and a few of the applicants did not even qualify for community college because they had not graduated high school or obtained the equivalent of a high school diploma. As a result of his alleged actions, the Department disbursed more than \$74,000 in loan and grant funds. [Press Release](#)

## Investigations of Other Student Aid Fraud Cases

The following are summaries and links to press releases on the results of additional OIG investigations into abuse or misuse of Federal student aid.

*Business Owner Sentenced on Multiple Fraud Charges, Including Student Aid Fraud (Illinois)*

The owner of Ebiz Accounting Services was sentenced on charges relating to stealing Social Security benefits and preparing false income tax returns, including her personal income tax returns. On these tax returns and FAFSAs for her children, she failed to report income from her business and other assets. As a result, they received more than \$57,300 in Federal and State student aid to which they were not entitled. The woman was sentenced to serve 24 months in prison and 3 years of supervised release and was ordered to pay \$376,850 in restitution.

*“Student” Who Enrolled at 13 Schools Sentenced for Theft (North Carolina)*

A woman who enrolled at 13 postsecondary institutions to fraudulently obtain Federal student aid was sentenced for theft. The woman falsified FAFSAs and admissions forms, indicating that she intended to pursue degrees, often online at the schools. After she received the student aid funds, she stopped attending classes. The woman was sentenced to serve 5 years of probation and ordered to pay more than \$62,300 in restitution.

*Man Representing Himself as a U.S. Citizen Pled Guilty to Student Aid Fraud \$78,000 Fraud (Missouri)*

A Costa Rican man who represented himself as a U.S. citizen pled guilty to making false statements. The man used a fraudulent Puerto Rican birth certificate to apply for and receive a Social Security number and a U.S. passport. He used the fraudulently





obtained Social Security number and passport to, among other schemes, apply for and receive more than \$78,000 in Federal student aid for attendance at three community colleges.

*Owner of Tax Preparation Service Charged with Making False Statements, Loan Forgiveness (Louisiana)*

The owner of a tax preparation service was charged with filing a false tax return, aiding and assisting in the preparation of a false tax return, and student aid fraud as a result of making a false statement to the Department. The owner is alleged to have filed a false 2015 tax return that under-reported her income, aided in the preparation and filing of a client's tax return that falsely stated the client's business losses for 2014 tax year, and committed student aid fraud by falsely reporting the amount of income that she earned in 2015 to the Department in her application for student loan forgiveness. [Press Release](#)

## Student Loan Debt Relief Fraud

The following are summaries of student loan debt relief fraud where the OIG led or assisted in the investigation.

*Third Party Loan Consolidator Ordered to Pay Nearly \$42 Million in Restitution (California)*

The owner, operator, and chief executive officer of three companies—American Financial Benefits Center, Financial Education Benefits Center, and Ameritech Financial—who was sentenced to prison in 2020 for perpetrating a multimillion-dollar fraud scam that targeted student loan borrowers who were seeking student loan forgiveness, loan consolidation, and reduced payment programs, was ordered to pay nearly \$42 million in restitution. From January 2014 through November 2018,

the official instructed his employees to follow misleading sales scripts and to employ deceptive sales tactics so that people would enroll for services without fully understanding what they were paying for. This included optional benefits programs unrelated to student loans, such as identity theft protection and roadside assistance programs. He also instructed his employees to make false statements concerning the companies' ability to deliver fixed payments for the life of student loans and loan forgiveness under alternative repayment plans, engaged in practices that improperly inflated a customer's family size to make it appear that their monthly payments would be lower than they would be, and hid monthly fees associated with the other unrelated programs.

*Four Officials of Debt Relief Companies Sentenced for Fraud (California)*

In our last [Semiannual Report to Congress](#), we highlighted a case involving the owners of a network of third-party debt relief businesses and three others who orchestrated and carried out a multimillion-dollar student loan debt relief fraud scam. During this reporting period, those five individuals were sentenced for their roles in the scheme. Between 2017 and 2020, the four, using their now-defunct business name of "Student Loan Relief Department," contacted 380,000 student loan borrowers across the country promising to reduce or eliminate their Federal student loan debt. Instead, they stole more than \$6.1 million from over 19,000 unsuspecting borrowers in less than 3 years. The conspirators feigned an association with the U.S. Department of Education and guaranteed borrowers' enrollment in programs that would lower their monthly payments and result in loan forgiveness. By leading victims to believe they were with the Department or that they were a commercial entity with the power to acquire loans or enroll students in a Federal loan forgiveness plan, they led borrowers to divulge personally identifiable information and then used that information to access and make changes to borrowers' FSA accounts without consent. Each victim paid—or was scheduled to pay—up-front fees and additional monthly fees totaling over \$1,000 for services that Federal loan servicers provide at no cost. Most victims believed these payments were being applied toward their student loan debt when, in reality, they were not. This belief led many of the victims to stop making monthly payments on their actual student loans, which resulted in late payment notifications, increased loan balances, and sometimes, defaulting on their student loans. Three of the individuals involved were sentenced from 60 to 180 days in custody. The five were ordered to pay restitution ranging from \$30,000 to \$150,000. [Press Release](#)

# OTHER ACTIVITIES

## Participation on Committees, Work Groups, and Task Forces

- **Federal Bureau of Investigation (FBI) Cyber Crime Investigations Task Force.** The OIG is a member of this task force of Federal, State, and local law enforcement agencies conducting cybercrime investigations nationwide, with agents physically located in Washington, D.C., and Boston, Massachusetts.

## Reviews of Legislation, Regulations, Directives, and Memoranda

- **Department's Notice of Proposed Rulemaking on issues related to affordability and student loans.** The OIG provided comments on the draft of the Department's Notice of Proposed Rulemaking on issues related to affordability and student loans to improve the document's quality, clarity, and integrity.
- **Department's proposed revisions to the Student Financial Assistance Cluster section of the Office of Management and Budget's 2022 Compliance Supplement.** The OIG provided comments in our unique area of responsibility on proposed guidance to auditors performing audits of Title IV student financial aid programs under the Single Audit Act.



## Elementary, Secondary, and Special Education Programs

The Department administers more than 100 programs that involve 56 States and territorial educational agencies, more than 17,000 public school districts, more than 130,000 schools, and numerous other grantees and subgrantees. Effective oversight of and accountability in how these entities spend the Department funding they receive is vital. Through our audit work, we identify problems and propose solutions to help ensure that the Department's programs and operations meet the requirements established by law and that federally funded education services reach the intended recipients—America's students. Through our criminal investigations, we help to protect public education funds for eligible students by identifying those who abuse or misuse Department funds and holding them accountable for their unlawful actions.



## Special Efforts

### *Puerto Rico Anti-Public Corruption Task Force*

In December, the OIG participated in a press conference announcing a joint task force focused on combatting public corruption in Puerto Rico. The task force is led by the U.S. Department of Justice and includes the FBI, Puerto Rico and local law enforcement agencies, and Federal OIG offices, including our office. "The purpose of this initiative is that the behavior, whether criminal, negligent or simply careless, of public officials, always has consequences," said the Special Agent in Charge of the FBI office in San Juan. According to the FBI Special Agent in Charge, cooperation with Federal and State agencies will allow law enforcement "to use all available tools to deal with allegations of corruption in a more complete way and attack corruption from all angles." He also noted that "when an allegation of corruption arrives, it can be evaluated at the Federal, State, and administrative levels in a coordinated manner." Our Special Agent in Charge of the OIG's Southeastern Regional Office participated in the press conference, stating "We are honored to be here today and to be a part of this task force. We have enjoyed a long standing and productive relationship with the Department of Justice and our Federal and local law enforcement partners here in Puerto Rico to combat fraud, waste, abuse, and other public corruption. We are proud to stand alongside our partners and look forward to working together in the fight against fraud, abuse, and other public corruption."

### *Puerto Rico Education Sustainability Team*

In September, the Department announced the formation of its Puerto Rico Education Sustainability Team. The Team looks to provide support for Puerto Rico, including coordination with stakeholders that assists the Puerto Rico Department of Education and institutions of higher education in their stewardship of Federal funds and helping improve educational outcomes for students. OIG staff are participating on the Team in an advisory capacity, sharing our knowledge of fraud risk areas, as well as strengths and weaknesses that we've identified through decades of work involving Puerto Rico Department of Education, and the recommendations we made to improve those weaknesses.



## Investigations

OIG investigations in the elementary, secondary, special, and vocational education areas include criminal investigations involving bribery, embezzlement, and other unlawful activity, often involving State and local education officials, educational services providers, and contractors who abused their positions of trust for personal gain. Examples of some of these investigations and links to press releases follow.

### Investigations of School Officials, Contractors, and Educational Services Providers

The following are summaries of OIG investigations involving K–2 school officials and contractors.

#### *Former Secretary of the Puerto Rico Department of Education Sentenced (Puerto Rico)*

In December, the former Secretary of the Puerto Rico Department of Education, was sentenced to prison for conspiracy and fraud. The former Secretary and others used their positions to benefit and enrich themselves with Federal funds, specifically by awarding contracts through a corrupt bidding process. This included a \$95,000 professional services contract that the Puerto Rico Department of Education awarded to a contractor with close ties to the former Secretary despite being unqualified under the terms of the contract request for proposal. The former Secretary was sentenced to serve 6 months in prison and 12 months of home confinement and was ordered to pay \$21,000 in fines.

#### *More Actions Taken Against Former School Superintendents, Others in \$10 Million Virtual Education Fraud Scheme (Alabama)*

In our recent [Semiannual Reports to Congress](#), we have highlighted our investigation involving six people for their roles in \$10 million fraud scheme involving Alabama's

virtual school: the former Athens City Schools administrator, the former superintendent of the Limestone County School district, the executive director of planning for the Athens City Schools district, a former employee of the Athens City Schools district, and two other conspirators. During this reporting period, the Athens City Schools administrator was convicted by a jury for his role in the scam. The other scheme participants have pled guilty. The conspirators fraudulently enrolled students in virtual public schools and then falsely reported those students to the Alabama State Department of Education. They obtained student identities to use in their scheme from various private schools located across the State by offering the private schools various inducements—including computers, direct payments, and access to online curriculum—to persuade the private schools to share their students' academic records and personally identifiable information with the public school districts. The conspirators created fake report cards, manufactured false addresses for the students of the private schools who lived outside of Alabama, and submitted falsified course completion reports to the Alabama State Department of Education, who then paid the school districts millions of dollars for the cost of supposedly educating these private school students, who at no time attended the virtual public schools. They skimmed a portion of that State money for their personal use. [Press Release](#)

*Actions Taken Against High-Ranking Houston Independent School District Officials and Others for Roles in Public Corruption Scheme (Texas)*

The former chief financial officer of the Houston Independent School District and a vendor were indicted, while the former Board of Education President, as well as three Missouri City construction and facilities officials pled guilty to participating in a public corruption scheme. From 2011 to 2020, the former chief financial officer allegedly helped award lucrative Houston Independent School District construction and grounds maintenance contracts to the vendor in exchange for cash and hundreds of thousands of dollars in home remodeling. The vendor allegedly entered long-term contracts with the school district, overbilled the school district, and inflated bills for services, causing millions of dollars in loss to the school district. The vendor allegedly obtained purchase orders for construction, repair, landscaping, and maintenance jobs at particular schools by paying cash bribes, mostly in the form of kickbacks, to district personnel who assisted him in obtaining the business, which included the former President and the school district officials. The former chief financial officer and vendor are also charged with witness tampering, as allegedly they attempted to persuade one of the school district officials to lie to the FBI regarding their allegedly illegal transactions. [Press Release](#)

*Two Executives of Chicago-Area Nonprofit Organization Charged With Misappropriating \$1.8 Million (Illinois)*

The Executive Director and a project manager with the Center for Community Academic Success Partnerships were indicted on Federal fraud charges for allegedly misappropriating more than \$1.8 million in funds intended to support the organization's work with underprivileged youth. This included funding through the 21st Century Community Learning Center grant program. From 2012 to 2017, the two executives and others are alleged to have fraudulently obtained and misappropriated at least \$1.8 million in Federal funds, transferred about \$1.3 million of the fraud proceeds to bank accounts they controlled, and used more than \$436,500 to pay down the

Executive Director's credit card balances. They are also alleged to have used more than \$130,300 of the fraud proceeds to write numerous checks made payable to Community Partners, an unincorporated entity which the defendants fraudulently claimed was a subcontractor to the organization, that they subsequently negotiated for cash and money orders. [Press Release](#)

*Former Solen School District Employee Sentenced (North Dakota)*

A former Solen School District business manager was sentenced time served and 24 months of home confinement and was ordered to pay more than \$848,900 in restitution for theft. From 2013 through 2018, the former school official used her position and access to the school's funds to divert district funds for her personal use by issuing district checks to herself and by using a district credit card for personal expenses.

*Owners-Operators of Teacher Certification Exam Preparation Company Sentenced for Racketeering, Theft (Florida)*

The owners-operators of NavaEd, a tutoring and training company that specialized in preparing prospective Florida educators to take and pass the Florida Teacher Certification Exams and Florida Educational Leadership Examinations, were sentenced to prison for running a far-reaching conspiracy scheme to steal, defraud, and profiteer by cheating the State's educator testing, certification, and licensing processes. NavaEd offered tutoring and training to prepare prospective Florida educators to successfully take and pass the teacher certification and the leadership certification. Passage of these exams is required for certification in Florida. NavaEd offered training publications for sale worldwide directly through its website and through third-party e-commerce websites such as Amazon and Shopify. The two owners took the certification exams multiple times after having already passed the them in order to see and memorize, or harvest, as many different exam questions as possible. They also directed NavaEd employees and independent contractors to take the exams for the purpose of harvesting exam questions and answers. The two were sentenced to serve 10 and 4 months in prison and 3 years of supervised release. They were also ordered to pay about \$135,000 in restitution to the State of Florida Department of Education and entered a forfeiture money judgment against both defendants totaling more than \$690,879. [Press Release](#)

*Syracuse School District Employees Agree to Civil Settlements (New York)*

In our last [Semiannual Report to Congress](#), we highlighted our investigation involving three employees of the Syracuse City School District who were charged with engaging in a scheme to defraud the school district's Twilight Program—an after-school credit recovery program to help students graduate on time. The employees were alleged to have falsified time sheets claiming to have worked hours that they did not, created a fake home visit log to falsely claim they were visiting Twilight students at their homes, and added phony Twilight classes to a roster to make it appear as if there were actual classes that needed to be taught. During this reporting period, two of the three employees entered into agreements to settle claims made against them. The first employee agreed to pay more than \$20,750, and the second employee agreed to pay more than \$11,100.



“The former head of the Community Preparatory Academy charter school was sentenced for stealing millions of dollars from the school over 5 years. . . The former official admitted to using the funds for personal travel, restaurants, internet shopping, and private school tuition for her children . . . and to spending more than \$220,600 on Disney cruise line vacations, theme park admissions, and other Disney-related expenses.

### Investigations of Charter Schools and Charter School Officials

The following are summaries and links to press releases on OIG criminal investigations involving charter schools and charter school officials. These now-former school leaders were in control of or in positions overseeing Federal education programs.

#### *Former Executive Director of Charter School Sentenced for Tax Evasion and Embezzlement (California)*

The former head of the Community Preparatory Academy charter school was sentenced for stealing millions of dollars from the school over 5 years. This amounted to about one-third of all Federal and State funding that the schools received during that time. The former official admitted to using the funds for personal travel, restaurants, internet shopping, and private school tuition for her children.

She also admitted spending more than \$220,600 on Disney cruise line vacations, theme park admissions, and other Disney-related expenses. The scheme came to light during a routine audit by the Los Angeles Unified School District's Charter School Division, which identified the discrepancies and reported them to the Los Angeles Unified School District's Office of Inspector General and to our office. The former official was sentenced to serve 36 months of home detention and was ordered to pay more than \$2.86 million in restitution.



*Founder and Former Superintendent of Zoe Learning Academy  
Sentenced (Texas)*

The founder and superintendent of the now-closed Zoe Learning Academy, a charter school in Houston, was sentenced to 36 months in prison and was ordered to pay more than \$335,400 in restitution for embezzling funds intended for the school's operation that he used for his personal expenses, including legal fees, a lawsuit settlement, and purchase of a timeshare. After the school ceased operations, the founder, as the school's agent, filed for bankruptcy and made various false statements under penalty of perjury in documents regarding payments to insiders, creditors, and others. [Press Release](#)

*Former Head of Paramount Charter School Found Guilty of  
Embezzlement and Fraud (Florida)*

The owner-operator and president of the Paramount Charter School, the Advancement of Education in Scholars Corporation (parent company of the charter school) and the Florida Scholars Educational Services Corporation, was found guilty of embezzlement and fraud. The owner operator embezzled nearly \$390,000 from the companies that should have gone to operating the Paramount Charter School. The owner-operator used the funds on car payments, private school tuition, rent, and other personal expenses. [Press Release](#)

# OTHER ACTIVITIES

## Participation on Committees, Work Groups, and Task Forces

### *Federal and State Audit-Related Groups*

- **Association of Government Accountants Partnership for Management and Accountability.** The OIG participates in this partnership that works to open lines of communication between Federal, State, and local governmental organizations to improve performance and accountability.
- **Intergovernmental Audit Forums.** OIG staff serve on several intergovernmental audit forums, which bring together Federal, State, and local government audit executives who work to improve audit education and training and exchange information and ideas regarding the full range of professional activities undertaken by government audit officials.



## Department Management and Operations

Effective and efficient business operations are critical to ensure that the Department effectively manages and safeguards its programs and protects its assets. Our reviews in this area seek to help the Department accomplish its objectives by ensuring its compliance with applicable laws, policies, and regulations and the effective, efficient, and fair use of taxpayer dollars with which it has been entrusted.



## Audits and Reviews

OIG work completed over the last 6 months in this area includes statutory audits involving information technology security and financial management; and reviews of the Department's compliance with other Federal regulations, statutes, and policies. Summaries of this work follow.

### Information Technology Security

The E-Government Act of 2002 recognized the importance of information security to the economic and national security interests of the United States. The Federal Information Security Modernization Act of 2014 (FISMA) amends FISMA 2002, by providing several modifications that modernize federal security practices to address evolving security concerns. These changes result in less overall reporting, strengthens the use of continuous monitoring in systems, increases focus on the agencies for compliance, and result in reporting that is more focused on the issues caused by security incidents. FISMA 2014 also required the Office of Management and Budget to amend/revise Circular A-130 to eliminate inefficient and wasteful reporting and reflect changes in law and advances in technology.

Our FY 2021 FISMA review reporting metrics were grouped into five cybersecurity framework security functions that have a total of nine metric domains, as outlined in the National Institute of Standards and Technology's Framework for Improving Critical Infrastructure Cybersecurity. The five functions and their associated metric domains were Identify (Risk Management, Supply Chain Risk Management); Protect (Configuration Management, Identity and Access Management, Data Protection and Privacy, and Security Training); Detect (Information Security Continuous Monitoring); Respond (Incident Response); and Recover (Contingency Planning). Using this framework, we assessed the effectiveness of each security function using maturity level scoring prepared in coordination with the Council of Inspectors General on Integrity and Efficiency, the Office of Management and Budget, and the Department of Homeland Security. The scoring distribution is based on five maturity levels: (1) Ad-hoc, (2) Defined, (3) Consistently Implemented, (4) Managed and Measurable, and (5) Optimized. Level 1, Ad-hoc, is the lowest maturity level and Level 5, Optimized, is the highest maturity level. For a security function to be considered effective, an agency's security programs must score at or above Level 4, Managed and Measurable.

## FY 2021 FISMA Results

For FY 2021, although the Department made several improvements in implementing its cybersecurity posture, its overall information technology security programs and practices were not effective in all the five security functions. We had findings in four of the nine metric domains, which included findings with the same or similar conditions identified in prior reports, as well as open findings from previous years where the corrective action plan was not completed. We determined the Department's programs were consistent with Level 2—Defined, which is considered not effective for three domains: Supply Chain Risk Management, Identity and Access Management, and Data Privacy and Protection, and Level 3—Consistently Implemented, which is considered not effective for six domains: Risk Management, Configuration Management, Security Training, Information System Continuous Monitoring, Incident Response, and Contingency Planning. None of the Department domains were rated Level 1, Ad-Hoc, which has the greatest risks.

We made 16 recommendations in 4 of the 9 metric domains to assist the Department with increasing the effectiveness of their information security programs. We did not make new recommendations for five metric domains due to open recommendations from prior years. The Department concurred with 14 of our recommendations and partially concurred with two of our recommendations. [FY 2021 FISMA Report](#)

## Financial Management

One of the purposes of the Chief Financial Officers Act of 1990 is to improve agency systems of accounting, financial management, and internal controls to ensure the reporting of reliable financial information and to deter fraud, waste, and abuse of government resources. The Act requires an annual audit of agency financial statements, which is intended to help improve an agency's financial management and controls over financial reporting. A summary of our FY 2021 financial statements audits follows.

### *FY 2021 Financial Statements Audits*

The OIG's contracted auditors found that the FY 2021 financial statements for the Department and FSA were presented fairly in all material respects, in accordance with generally accepted accounting principles. However, the auditors identified one material weakness and three significant deficiencies in internal controls over financial reporting. First, the auditors found a material weakness in the Department's controls over the reliability of underlying data used in credit reform re-estimates of the subsidy costs of its student loan programs. The Department and FSA did not design and implement effective controls to ensure that the data used to develop the re-estimate is reliable, considering the elevated risk associated with such data caused by the information technology control deficiencies. Specifically, the Department and FSA management did not perform sufficient procedures to ensure that the data elements transmitted to and extracted from the various systems and used in the cash flow model are complete and accurate. Inadequate controls over the completeness and accuracy of the underlying data used to develop the re-estimate increases the risk that the financial statements could be materially misstated.



Second, the auditors noted three significant deficiencies, involving (1) information technology controls, (2) monitoring controls over service organizations, and (3) an entity-wide deficiency in its overall control environment. Specific to information technology controls, the auditors found that although management made progress implementing corrective actions to remediate previous information technology control weaknesses, it had not fully remediated prior-year deficiencies related to logical access administration, separated/transferred user access removal, user access reviews and recertification, and configuration management. The auditors also noted new and existing information technology control deficiencies related to security management, access controls, segregation of information technology duties, and application change management for three of FSA's financial and mixed systems and two access control support systems. In addition, we noted deficiencies related to Department-level logical access for its core financial management system.

Regarding monitoring controls over service organizations, the auditors found that neither the Department nor FSA had effective monitoring controls in place to sufficiently support the reliability and integrity of the data stored in the information technology system. Specifically, FSA did not perform a comprehensive assessment of key relevant controls to appropriately assess the risks in the financial reporting process. Ineffective monitoring controls over the service organization increase the risk of disruption, modification, or destruction of information that could impact the integrity and reliability of information processed in the associated application which may lead to misstatements of the financial statements.

Finally, the auditors determined that the Department and FSA need to address weaknesses in its overall control environment that contributed to the first two deficiencies: insufficient risk assessments and monitoring activities. Inadequate risk assessment throughout the Department and FSA prevented the proper identification and analysis of risks related to the financial reporting process at the Department and FSA, and from designing appropriate risk responses; and insufficient monitoring

activities prevented the Department and FSA from ensuring corrective action plans are implemented and control deficiencies are remedied timely. The auditors made 16 recommendations to address the weaknesses identified. The Department concurred with the report. [Department Report](#), [FSA Report](#)

## Digital Accountability and Transparency Act

The Digital Accountability and Transparency Act (DATA Act) requires Federal agencies to report financial and payment data to the USASpending.gov website. It also requires the OIG of each agency to report to Congress on the completeness, timeliness, quality, and accuracy of the agency's spending data. For our FY 2020 review, we had two objectives: (1) assess the completeness, accuracy, timeliness, and quality of the Department's FY 2020, fourth quarter financial and award data submitted for publication on USASpending.gov and (2) assess the Department's implementation and use of the Government-wide financial data standards established by the Office of Management and Budget and the U.S. Department of the Treasury.

For objective 1, we determined the Department submitted data of an Excellent quality based on the Guide's Quality Assessment Scorecard. However, the Department did not submit certain data completely, accurately, or timely. Specifically, for the 385 sampled transactions, we tested 17,364 individual data elements and identified 679 errors, which resulted in the following error rates: completeness 1.08 percent, accuracy 1.97 percent, and timeliness 1.08 percent. We determined these errors happened due to certain internal control deficiencies over the Department's DATA Act submissions. For Objective 2, we determined that the Department implemented and used the Government-wide financial data standards established by the Office of Management and Budget and the U.S. Department of the Treasury under the DATA Act.

Based on our findings, we recommended that the Department (1) implement policies and procedures to confirm the completeness of the data used in their reconciliations; (2) identify alternative methods to conclude on the number of outstanding differences in their reconciliations if the necessary data to conclude is unavailable; and (3) identify a tolerable threshold in which management is comfortable concluding on the validity of the reconciliation. The Department concurred with our findings and recommendations. [DATA Act Report](#)



# OTHER ACTIVITIES

## Participation on Committees, Work Groups, and Task Forces

### *Department*

- **Department of Education Senior Assessment Team.** The OIG participates in an advisory capacity on this team that provides oversight of the Department's assessment of internal controls and related reports. The team also provides input to the Department's Senior Management Council concerning the overall assessment of the Department's internal control structure, as required by the Federal Managers' Financial Integrity Act of 1982 and Office of Management and Budget Circular A-123, Management's Responsibility for Internal Control.
- **Department of Education Investment Review Board and Planning and Investment Review Working Group.** The OIG participates in an advisory capacity in these groups that review technology investments and the strategic direction of the information technology portfolio.
- **Department Human Capital Policy Working Group.** The OIG participates in this group that meets monthly to discuss issues, proposals, and plans related to human capital management.



## Other OIG Efforts

This section of our Semiannual Report contains information on other efforts completed during this reporting period specific to the OIG. This includes our required non-Federal audit-related work, other reports, and noteworthy activities. Below you will find summaries of this work.

## Non-Federal Audit Activities

The Inspector General Act of 1978, as amended, requires that inspectors general take appropriate steps to ensure that any work performed by non-Federal auditors complies with Government Auditing Standards. To fulfill these requirements, we perform a number of activities, including conducting desk reviews and quality control reviews of non-Federal audits, providing technical assistance, and issuing audit guides to help independent public accountants or audit organizations performing audits of participants in the Department's programs.

### Desk Reviews and Quality Control Reviews

The Office of Management and Budget's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" requires entities, such as State and local governments, universities, and nonprofit organizations that spend \$750,000 or more in Federal funds in one year to obtain an audit, referred to as a "single audit." Additionally, for-profit institutions, foreign schools, and their servicers that participate in the Department programs and for-profit lenders and their servicers that participate in Department programs are required to undergo annual audits performed by independent public accountants or audit organizations in accordance with audit guides that the OIG issues. These audits assure the Federal government that recipients of Federal funds comply with laws, regulations, and other requirements material to Federal awards. To help assess the quality of the thousands of audits performed each year, we conduct quality control reviews of a sample of audits. We also perform desk reviews of a sample of audit reporting packages to identify quality issues that may warrant follow-up work, revisions to the reporting package, or appropriate management official attention.

The CIGIE issued the following guidance regarding the classification of desk reviews and quality control review results.

- Pass—reporting package or audit documentation contains no quality deficiencies or only minor quality deficiencies that do not require corrective action for the audit under review or future audits.

- Pass with Deficiencies—reporting package or audit documentation contains quality deficiencies that should be brought to the attention of the auditor (and auditee, as appropriate) for correction in future audits.
- Fail—reporting package or audit documentation contains quality deficiencies that affect the reliability of the audit results or audit documentation does not support the opinions contained in the audit report and require correction for the audit under review.

During this reporting period, we completed 45 desk reviews of engagements conducted by 27 independent public accountants or audit organizations. We concluded that 21 (47 percent) were Pass, 23 (51 percent) were Pass with Deficiencies, and 1 (2 percent) was Fail.

We also completed 11 quality control reviews of engagements conducted by 8 independent public accountants or audit organizations. We concluded that 4 (36 percent) were Pass with Deficiencies and 7 (64 percent) were Fail.

We also began a quality control review on one audit but found the work to be so substandard that we did not complete the quality control review. We instead recommended that the Department reject the report and consider whether the school's prior years' audit reports, performed by the same independent public accountant, should also be rejected.

## Technical Assistance

The OIG's Non-Federal Audit Team is also dedicated to improving the quality of non-Federal audits through technical assistance and outreach to independent public accountants or audit organizations and others, including auditee officials and Department program officials. Technical assistance involves providing advice about standards, audit guides and guidance, and other criteria and systems pertaining to non-Federal audits.

During this reporting period, we presented two training sessions focused on the foreign school audit guide and audit requirements of the Higher Education Emergency Relief Fund. The training was provided to financial aid professionals and auditors at the 2021 Federal Student Aid Training Conference.

In addition, the OIG Non-Federal Audit Team issued six notices to independent public accountants notifying them of changes to audit guidance and standards during this reporting period. Copies of the letters are available [here](#) on the OIG Non-Federal Audit Team's website.

- **CPA-21-02**—Proprietary School Example Auditor's Reports Reflecting Changes for 2018 Government Auditing Standards revision and SAS Nos. 134-140
- **CPA-21-03**—Foreign School Example Auditor's and Practitioner's Reports Reflecting Changes for 2018 Government Auditing Standards revision, SAS Nos. 134-140, and SSAE Nos. 19 and 21



- **CPA-21-04**—Lender Federal Family Education Loan Program Compliance Engagement Example Practitioner’s Reports Reflecting Changes for SSAE Nos. 19 and 21
- **CPA-21-05**—Guaranty Agency Servicer Federal Family Education Loan Program Financial Statement Audit and Compliance Engagement Example Auditor’s and Practitioner’s Reports Reflecting Changes for 2018 Government Auditing Standards revision, SAS Nos. 134-140, and SSAE No. 21
- **PA-21-06**—Proprietary School Higher Education Emergency Relief Fund Compliance Engagement Example Practitioner’s Reports Reflecting Changes for SSAE No. 21
- **CPA-21-07**—Lender Servicer Federal Family Education Loan Program Compliance Engagement Example Practitioner’s Reports Reflecting Changes for SSAE No. 21
- **CPA-22-01**—Reporting Grant Award Numbers in Higher Education Emergency Relief Fund Compliance Attestation Engagement Report Packages

The OIG has developed a reporting system to better track audit deficiencies identified through quality control reviews and desk reviews. This type of tracking allows us to focus our resources on training and outreach activities to address common audit quality issues. We used the results to update our list of frequently asked questions and to compile a list of common quality control review and desk review deficiencies, which are discussed during training sessions. The OIG will also use these results as a baseline to compare future quality control review and desk review results.

## Other OIG Reports

During this reporting period, the OIG issued five reports specific to the OIG mission and goals, including the required Management Challenges report. Summaries of these five reports and an update on other OIG efforts follow.



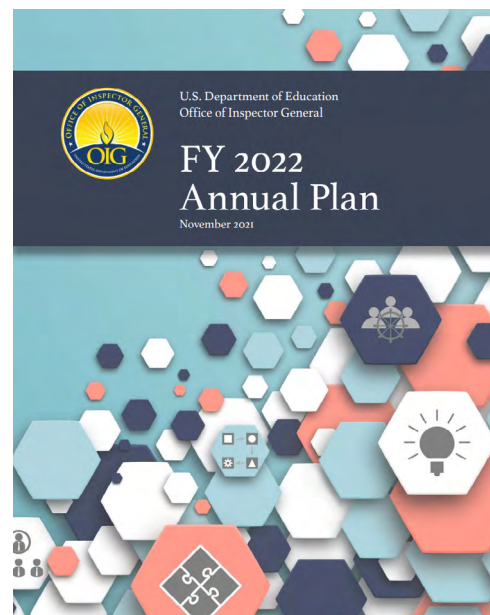
### FY 2022 Management Challenges Report

In December, the OIG issued its FY 2022 Management Challenges Report, a statutorily required report that highlights the most serious management challenges the Department faces and actions the Department needs to take to address them. To identify these challenges, the OIG routinely examines past audit, inspection, and investigative work and reports issued by the Government Accountability Office, including reports issued to management where corrective actions have yet to be taken; assesses ongoing audit, inspection, and investigative work to identify significant vulnerabilities; and analyzes new programs and activities that could pose significant challenges because of their breadth and scope. For FY 2022, the OIG identified five management challenges the Department faces as it continues its efforts to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. These challenges

are (1) implementing pandemic relief laws, (2) oversight and monitoring, (3) data quality and reporting, (4) improper payments, and (5) information technology security. [FY 2022 Management Challenges Report](#)

## FY 2022 Annual Plan

In November, the OIG issued its FY 2022 Annual Plan, which identifies the audits, inspections, and other activities that the OIG intends to undertake to assist the Department in fulfilling its responsibilities to America's taxpayers and students. The Annual Plan details the assignment areas and resources that the OIG plans to devote to evaluating the efficiency, effectiveness, and integrity of Department programs and operations. It also aligns the OIG's work and resources to achieve our mission, meet the goals of our Strategic Plan, and focuses attention across challenge areas to the Department. As such, our planned and ongoing work involves Department programs and operations at all levels—Federal, State, and local—and incorporates suggestions from Department leaders, the Office of Management and Budget, and members of Congress. [FY 2022 Annual Plan](#)

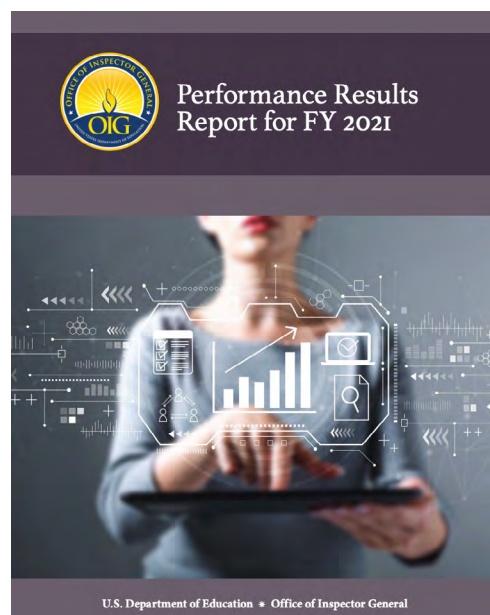


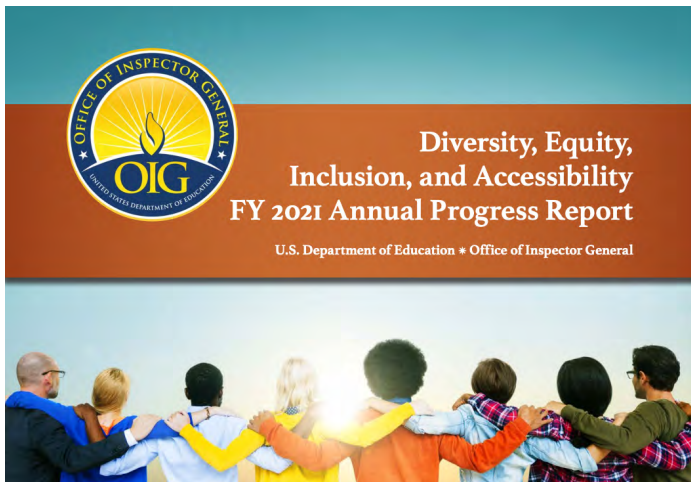
## FY 2021 Small Business Innovation Research Report

In October, the OIG issued its statutory report on OIG investigations involving the Small Business Innovation Research program. The National Defense Authorization Act for FY 2012 requires the inspector general of a Federal agency that participates in the program to submit an annual report describing its investigations involving those programs. The Department participates in the Small Business Innovation Research program, although it is a relatively small program within the agency. As reported, for FY 2021, the OIG received one allegation of possible fraud, waste, or abuse involving the Small Business Innovation Research program. The allegation detailed a potential administrative program violation; as such the matter was referred to the Department's Institute of Education Sciences for appropriate action. [FY 2021 SBIR Report](#)

## FY 2021 Performance Results Report

In November, the OIG issued its FY 2021 Performance Results Report in accordance with the Government Performance and Results Modernization Act of 2010. The report presents the results of our work over FY 2021 in meeting our performance measures goals. As highlighted in the report, the OIG met 92 percent of its targets under its FY 2021 Performance Goals. The report presents those results and provides additional information on operational changes and other actions taken that help tell the story of how we were able to reach our goals in FY 2021. [FY 2021 Performance Results Report](#)





## FY 2021 Diversity, Equity, Inclusion, and Accessibility Annual Progress Report

In 2019, the OIG issued its [5-year Diversity and Inclusion Strategic Plan](#). Through the plan, we affirmed and advanced our long-standing commitment to a diverse, equitable, and inclusive workforce and workplace environment, to help ensure that the work we produce is accessible to the diverse public we serve. In that plan, we noted our commitment to transparency and set forth the goal of producing annual progress reports. In 2020, we issued our [first Diversity, Equity, and Inclusion annual report](#), highlighting

the progress we made in implementing our initiative in FY 2020 and setting our goals for FY 2021. During this reporting period, we issued our second annual progress report, incorporating accessibility—an important addition to our efforts. Accessibility encompasses how organizations ensure equitable access to everyone along the continuum of human ability and experience, as well as how organizations make space for the characteristics that each person brings to the workforce. For the OIG, it also means taking actions to ensure that our products and services are more broadly accessible by all, as accessibility is not just about our physical workplace environment, it's about ensuring that everyone can access and benefit from the work we produce and the services we provide. Our FY 2021 report highlights what we accomplished in our second year of implementing our goals, and sets forth our diversity, equity, inclusion, and accessibility goals for FY 2022. [FY 2021 DEIA Annual Progress Report](#)

## Other Efforts

### Council of the Inspectors General on Integrity and Efficiency

Established by the Inspector General Reform Act of 2008, CIGIE works to address integrity, economy, and effectiveness issues that transcend individual Government agencies. Throughout this reporting period, the OIG continued to participate in myriad CIGIE committees and subgroups, including chairing the CIGIE Diversity, Equity, and Inclusion Work Group formed in FY 2020, and the Information Technology Investigations Subcommittee. A list of all CIGIE committees, subcommittees, and work groups where OIG staff serve can be found in the section below.

# OTHER ACTIVITIES

## Participation on Committees, Work Groups, and Task Forces

### *Inspector General Community*

- **CIGIE.** OIG staff continue to play an active role in CIGIE efforts. Inspector General Sandra D. Bruce chairs the CIGIE Diversity, Equity, Inclusion, and Accessibility Work Group, and is a member of CIGIE's Audit Committee and the Information Technology Committee.
  - OIG staff currently serve on the following CIGIE committees, subcommittees, and work groups:
    - Information Technology Investigations Subcommittee
    - Assistant Inspector General for Investigations Subcommittee
    - Assistant Inspector General for Management Working Group
    - Council of Counsels to the Inspectors General
    - Data Analytics Working Group of the Information Technology Committee
    - CIGIE/Office of Management and Budget Grant Reform Working Group
    - Federal Hotline Working Group
    - Disaster Assistance Working Group
    - Human Resources Directors' Roundtable
    - Enterprise Risk Management Working Group
    - Internal Affairs Working Group
    - OIG Communitywide Quality Assurance Working Group
    - CIGIE/Government Accountability Office Annual Financial Statement Audit Conference
  - OIG staff lead or facilitate CIGIE training courses, including the following:
    - Planning, Organizing, and Writing Effective Reports
    - Introduction to Auditing
    - IG Criminal Investigator Academy
      - Essentials of Inspector General Investigations



- Contract Fraud
- Grant Fraud
- Suspension and Debarment
- Transitional Training Program
- IG Hotline Operator Training Program
- IG Hotline Strategies
- Ethics
- Legal Refresher Courses, including a class on the 4th Amendment
- Adjunct Instructor Training Program

*Government-Wide Audit-Related Groups*

- **Interagency Fraud and Risk Data Mining Group.** The OIG participates in this group that shares best practices in data mining and evaluates data mining and risk modeling tools and techniques that detect patterns indicating possible fraud and emerging risks.
- **Federal Audit Executive Council, Financial Statement Audit Committee Workgroup.** OIG staff serve on this interagency workgroup consisting of OIG auditors from numerous Federal agencies. The committee addresses government-wide financial management and financial statement audit issues through coordination with the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget. It also provides technical assistance on audit standards, policies, legislation, and guidance, and plans the CIGIE/Government Accountability Office Annual Financial Statement Audit Conference.





# Required Reporting

# Required Tables and Appendices

The following provides acronyms, definitions, and other information relevant to the tables that follow.

## Acronyms and Abbreviations Used in the Required Tables

Department	U.S. Department of Education
FSA	Federal Student Aid
HEA	Higher Education Act of 1965, as amended
IG Act	Inspector General Act of 1978, as amended
OCIO	Office of the Chief Information Officer
OCTAE	Office of Career, Technical, and Adult Education
OESE	Office of Elementary and Secondary Education
OFO	Office of Finance and Operations
OIG	Office of Inspector General
OPEPD	Office of Planning, Evaluation and Policy Development
OSEP	Office of Special Education Programs
OSERS	Office of Special Education and Rehabilitative Services
Recs	Recommendations
Sig Recs	Significant Recommendations
Title I	Grants to local educational agencies through State educational agencies funded under Title I of the Elementary and Secondary Education Act of 1965, as amended by Every Student Succeeds Act
Title IV	Federal student aid programs funded under Title IV of the HEA

## Definitions

**Attestation Reports.** Attestation reports convey the results of attestation engagements performed within the context of their stated scope and objectives. Attestation engagements can cover a broad range of financial and nonfinancial subjects and can be part of a financial audit or a performance audit. Attestation engagements are conducted in accordance with American Institute of Certified Public Accountants attestation standards, as well as the related Statements on Standards for Attestation Engagements.

**Management Information Reports.** Management information reports are used to provide the Department with information and suggestions when a process other than an audit, attestation, or inspection is used to develop the report. For example, OIG staff may compile information from previous OIG audits and other activities to identify overarching issues related to a program or operational area and use a management information report to communicate the issues and suggested actions to the Department.

**Inspection Reports.** Inspections are analyses, evaluations, reviews, or studies of the Department's programs. The purpose of an inspection is to provide Department decision makers with factual and analytical information, which may include an assessment of the efficiency and effectiveness of their operations and vulnerabilities created by their existing policies or procedures. Inspections may be conducted on any Department program, policy, activity, or operation. Typically, an inspection results in a written report containing findings and related recommendations. Inspections are performed in accordance with quality standards for inspections approved by the Council of Inspectors General for Integrity and Efficiency.

**Special Project Reports.** Special projects include OIG work that is not classified as an audit, attestation, inspection, or any other type of alternative product. Depending on the nature and work involved, the special project may result in a report issued outside the OIG. Information presented in the special project report varies based on the reason for the special project (for example, response to congressional inquiry or other evaluation and analysis). The report may contain suggestions.

**Questioned Costs.** As defined by the Inspector General Act of 1978 (IG Act), as amended, questioned costs are identified during an audit, inspection, or evaluation because of (1) an alleged violation of a law, regulation,



contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) such cost not being supported by adequate documentation; or (3) the expenditure of funds for the intended purpose being unnecessary or unreasonable. OIG considers that category (3) of this definition would include other recommended recoveries of funds, such as recovery of outstanding funds or revenue earned on Federal funds or interest due to the Department.

**Unsupported Costs.** As defined by the IG Act, as amended, unsupported costs are costs that, at the time of the audit, inspection, or evaluation, were not supported by adequate documentation. These amounts are also included as questioned costs.

### OIG Product Website Availability Policy

OIG final issued products are generally considered to be public documents, accessible on OIG's website unless sensitive in nature or otherwise subject to Freedom of Information Act exemption. Consistent with the Freedom of Information Act, and to the extent practical, the OIG redacts exempt information from the product so that nonexempt information contained in the product may be made available on the [OIG website](#).

## Required Reporting

The following pages presents summary tables and tables containing statistical and other data as required by the IG Act, as amended, and other statutes.

Section	Requirement	Table Number	Page Number
-	Statistical Summary of Audit and Other Report Accomplishments (October 1, 2021, through March 31, 2022)	1	<a href="#">54</a>
-	Statistical Summary of Investigations Accomplishments (October 1, 2021, through March 31, 2022)	2	<a href="#">55</a>
Section 5(a)(1) and 5(a)(2) of the IG Act	Significant Problems, Abuses, and Deficiencies Related to the Administration of Programs and Operations	10	<a href="#">69</a>
Section 5(a)(3) of the IG Act	Significant Recommendations Described in Previous Semiannual Reports to Congress on Which Corrective Action Has Not Been Completed (October 1, 2021, through March 31, 2022)	5	<a href="#">59</a>
Section 5(a)(4) of the IG Act	Matters Referred to Prosecutive Authorities (October 1, 2021, through March 31, 2022)	2	<a href="#">55</a>
5(a)(5) and 6(c)(2) of the IG Act	Summary of Instances in Which Information or Assistance Was Refused or Not Provided	10	<a href="#">69</a>
Section 5(a)(6) of the IG Act	Listing of Reports Audit and Other Reports and Products on Department Programs and Activities (October 1, 2021, through March 31, 2022)	3	<a href="#">56</a>
Section 5(a)(8) of the IG Act	Questioned Costs Audit and Other Reports with Questioned or Unsupported Costs	6	<a href="#">66</a>
Section 5(a)(9) of the IG Act	Better Use of Funds Audit and Other Reports with Recommendations for Better Use of Funds	7	<a href="#">67</a>
Section 5(a)(10) of the IG Act	Unresolved Reports Unresolved Audit and Other Reports Issued before Reporting Period	4	<a href="#">57</a>
Section 5(a)(10)(B) of the IG Act	Reports for Which No Agency Comment Was Returned to the OIG within 60 days of Issuance	5	<a href="#">59</a>
Section 5(a)(10)(C) of the IG Act	Outstanding Unimplemented Recommendations with Aggregate Potential Cost Savings	4, 5	<a href="#">57</a> , <a href="#">59</a>
Section 5(a)(11) of the IG Act	Significant Revised Management Decisions	10	<a href="#">69</a>
Section 5(a)(12) of the IG Act	Significant Management Decisions with Which the OIG Disagreed	10	<a href="#">69</a>
Section 5(a)(13) of the IG Act	Unmet Intermediate Target Dates Established by the Department Under the Federal Financial Management Improvement Act of 1996	10	<a href="#">69</a>

Section	Requirement	Table Number	Page Number
Section 5(a)(14)-(16) of the IG Act	Peer Review Results	8	<a href="#">68</a>
Section 5(a)(17) of the IG Act	Investigative Reports Issued Number of Persons Referred to the U.S. Department of Justice Number of Persons Referred to State and Local Prosecuting Authorities Indictments and Criminal Informations That Resulted from Prior Referrals to Prosecuting Authorities	2 (All four requirements included)	<a href="#">55</a>
Section 5(a)(18) of the IG Act	Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables Under 5(a)(17)	2	<a href="#">55</a>
Section 5(a)(19) of the IG Act	Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) Where the Allegations of Misconduct Were Substantiated	10	<a href="#">69</a>
Section 5(a)(20) of the IG Act	Description of Instances of Whistleblower Retaliation	10	<a href="#">69</a>
Section 5(a)(21) of the IG Act	Description of Attempt by Agency to Interfere with OIG Independence	10	<a href="#">69</a>
Section 5(a)(22)(A) of the IG Act	Description of Audits or Inspections Closed but Not Disclosed to the Public	10	<a href="#">69</a>
Section 5(a)(22)(B) of the IG Act	Description of Investigations Involving Senior Government Employees (GS-15 or Above) that Were Closed but Not Disclosed to the Public	9	<a href="#">68</a>
Section 845 of the National Defense Authorization Act for Fiscal Year 2008	Contract-Related Audit Products with Significant Findings	10	<a href="#">69</a>

**Table 1. Statistical Summary of Audit and Other Report Accomplishments (October 1, 2021, through March 31, 2022)**

Accomplishment	October 1, 2021– March 31, 2022
Audit Reports Issued	7
Inspection Reports Issued	1
Other Products Issued	1
Questioned Costs (Including Unsupported Costs)	\$2,951,542
Recommendations for Better Use of Funds	0
Reports Resolved By Program Managers	13
Questioned Costs Sustained (Including Unsupported Costs)	\$115,776
Unsupported Costs Sustained	\$115,776
Additional Disallowances Identified by Program Managers	0
Management Commitment to the Better Use of Funds	0



**Table 2. Statistical Summary of Investigative Accomplishments  
(October 1, 2021, through March 31, 2022)**

Accomplishment	Description of the Metric	October 1, 2021– March 31, 2022
Investigative Cases Opened	Number of cases that were opened as full investigations or converted from a complaint or preliminary inquiry to a full investigation during the reporting period.	34
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	20
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	184
Investigative Reports Issued	Number of Reports of Investigation issued during the reporting period.	31
Total Number of Persons Referred to State and Local Prosecuting Authorities	Number of individuals and organizations formally referred to State or local prosecuting authorities for prosecutorial decisions during the reporting period.	None
Total Number of Persons Referred to the U.S. Department of Justice	Number of individuals and organizations formally referred to the U.S. Department of Justice for prosecutorial decisions.	2 Criminal 58 Civil
Indictments and Criminal Informations that Result from Prior Referrals to Prosecuting Authorities	Number of individuals who were indicted or for whom a criminal information was filed during the reporting period.	20
Convictions/Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	23
Fines Ordered	Sum of all fines ordered during the reporting period.	\$772,090
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	\$53,186,970
Civil Settlements/ Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	4
Civil Settlements/ Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	\$36,873
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	Voluntary: \$165,000  Admin Recovery: \$600,578
Forfeitures/Seizures	Sum of all forfeitures/seizures ordered during the reporting period.	\$690,878
Estimated Savings	Sum of all administrative savings or cost avoidances that result in a savings to, or better use of funds for, a program or victim during the reporting period. These are calculated by using the prior 12 month period of funds obtained or requested and then projecting that amount 12 months forward.	\$502,326
Suspensions Referred to Department	Number of suspensions referred to the Department during the reporting period.	1
Debarments Referred to Department	Number of debarments referred to the Department during the reporting period.	9

### Table 3. Audit and Other Reports and Projects on Department Programs and Activities (October 1, 2021, through March 31, 2022)

This table includes Department office with responsibility for the report, questioned costs, unsupported costs, and number of recommendations per each report. Summaries and links to these reports were highlighted previously in this Semiannual Report to Congress.

Office	Report Type and Number	Report Title and Date Issued	Questioned Costs	Unsupported Costs	Number of Recs
OESE	Audit A20GA0018	Missouri's Administration of the Governor's Emergency Education Relief Fund Grant Issued: 2/10/2022	\$0	\$0	3
OESE	Audit A19NY0012	Massachusetts Department of Elementary and Secondary Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program Issued: 1/24/2022	\$2,715,307	\$2,715,307	10
FSA	Inspection I20DC0024	The Department's Implementation of CARES Act Flexibilities to TEACH Grant Service Obligations Issued: 1/20/2022	\$0	\$0	3
OESE	Flash Report F20DC0028	Review of State Plans for Use of Governor's Emergency Education Relief Funds Issued: 12/20/2021	\$0	\$0	0
OFO	Audit A21FS0021	Final Independent Auditors' Report for Fiscal Years 2021 and 2020 Financial Statements, U.S. Department of Education Issued: 11/19/2021	\$0	\$0	16
FSA	Audit A21FS0022	Final Independent Auditors' Report for Fiscal Years 2021 and 2020 Financial Statements, Federal Student Aid Issued: 11/19/2021	\$0	\$0	16
OFO	Audit A21DC0032	Performance Audit of the U.S. Department of Education's Digital Accountability and Transparency Act of 2014 Fiscal Year 2020 Quarter 4 Financial and Award Data Issued: 11/08/2021	\$0	\$0	3
OCIO	Audit A21IT0023	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report for FY 2021 Issued: 10/29/2021	\$0	\$0	16
FSA	Audit A20IL0005	Bais HaMedrash and Mesivta of Baltimore's Use of Professional Judgment Issued: 3/31/2022	\$236,235	\$80,390	3
Total	9	-	\$2,951,542	\$2,795,697	70

**Table 4. Unresolved Reports Issued before Reporting Period  
(Reports issued before October 1, 2021)**

Table includes the Department office with responsibility for the report, a link to the report, the number of open significant recommendations, number of other open recommendations, the value of potential cost savings, and projected resolution date.

Office	Report Type and Number	Report Title	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Resolution Date
FSA	Inspection <a href="#">I05T0010</a>	Inspection of the Department's Activities Surrounding the Sale of Postsecondary Schools to Dream Center Education Holdings	3	0	\$0	Projected date is unknown at this time.
OESE	Audit <a href="#">A05Q0003</a>	Harvey Public School District 152: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses	0	5	\$0	4/8/2022
OESE	Audit <a href="#">A02P0010</a>	Calculating and Reporting Graduation Rates in Alabama	0	6	\$0	4/29/2022
OESE	Audit <a href="#">A04S0014</a>	U.S. Virgin Islands Department of Education's Internal Controls over the Immediate Aid to Restart School Operations Program	0	5	\$0	10/1/2022
OESE	Audit <a href="#">A04S0013</a>	Puerto Rico Department of Education's Internal Controls Over the Immediate Aid to Restart School Operations Program	0	6	\$0	10/1/2022
OESE	Audit <a href="#">A06T0001</a>	Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program	0	5	\$34,065	10/1/2022
OESE	Audit <a href="#">A02T0001</a>	Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program	0	10	\$12,366,942	10/1/2022
OESE	Audit <a href="#">A02T0006</a>	Florida Department of Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program	0	7	\$7,621,191	6/1/2022
OFO	Audit <a href="#">A04U0001</a>	U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for Fiscal Year 2019	1	0	\$0	Projected date is unknown at this time.
OFO	Audit <a href="#">A18IL0012</a>	InspireNOLA Charter Schools' Administration of Grants for the Replication and Expansion of High-Quality Charter Schools	0	9	\$529,198	7/29/2022

Office	Report Type and Number	Report Title	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Resolution Date
OFO	Audit <a href="#">A20CA0017</a>	Remington College's Use of Higher Education Emergency Relief Fund Student Aid and Institutional Grants	0	8	\$784,506	7/29/2022
OFO	Audit <a href="#">A20CA0016</a>	Lincoln College of Technology's Use of Higher Education Emergency Relief Fund Student Aid and Institutional Grants	0	5	\$709,993	5/6/2022
Total	12	-	4	66	\$22,045,895	-



## Table 5. Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed

Table includes the Department office responsible for the report, link to the report, summary of the report and status of the recommendations, open significant recommendations, open other recommendations, the value of the potential cost savings, and the projected action date.

The Department commented on all reports within 60 days of issuance.

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
FSA	Final Independent Auditors' Report Fiscal Years 2017 and 2016 Financial Statements Federal Student Aid <a href="#">A17R0002</a>	The report identified two significant deficiencies in internal control over modeling activities and information technology controls. The report also identified one reportable noncompliance with Federal law related to delinquent student loan debt.  <b>Current Status:</b> FSA informed us that the audit is resolved, but all corrective actions have not been completed.	1	0	\$0	12/31/2022
FSA	Federal Student Aid's Contractor Personnel Security Clearance Process <a href="#">A19R0003</a>	The audit found that FSA did not effectively implement Department requirements for the contractor personnel security screening process. The audit also found that FSA has not ensured that all contractor employees have appropriate security screenings and that security screenings are initiated or verified in a timely manner.  <b>Current Status:</b> FSA informed us that audit is resolved, but all corrective actions have not been completed.	1	0	\$0	6/30/2022
FSA	Federal Student Aid's Total and Permanent Disability Discharge Process <a href="#">A02Q0006</a>	The audit found that FSA appropriately approved and rejected the applications. The audit identified design weaknesses in FSA's control activities for the total and permanent disability discharge application review process.  <b>Current Status:</b> FSA informed us that audit is resolved, but all corrective actions have not been completed.	0	1	\$0	10/31/2022

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
FSA	Final Independent Auditors' Report Fiscal Years 2020 and 2019 Financial Statements Federal Student Aid <a href="#">A17U0002</a>	The report noted one material weakness in internal control over financial reporting, three significant deficiencies in internal control over financial reporting, and one instance of reportable noncompliance with Federal law related to delinquent student loan debts.  <b>Current Status:</b> FSA informed us that the audit is resolved, but all corrective actions have not been completed.	4	0	\$0	12/31/2022
FSA	Federal Student Aid's Processes for Reallocating Unexpended Campus-based Title IV Funds in Accordance with the Hurricanes Harvey, Irma, and Maria Education Relief Act of 2017 <a href="#">A05U0001</a>	The audit found that FSA did not design and implement processes to provide reasonable assurance that it reallocated unexpended award year 2016–2017 campus-based student financial assistance program funds in accordance with the Hurricanes Harvey, Irma, and Maria Education Relief Act of 2017.  <b>Current Status:</b> FSA informed us that audit is resolved, but all corrective actions have not been completed.	2	0	\$30,444	4/15/2022
FSA	Federal Student Aid Controls Over the School Verification Process <a href="#">I06S0001</a>	The report noted that FSA did not always address the control issues identified and did not always determine the appropriate corrective actions or complete or document the corrective actions taken.  <b>Current Status:</b> FSA informed us that audit is resolved, but all corrective actions have not been completed.	0	3	\$0	10/31/2023
FSA	Federal Student Aid's Suspension of Involuntary Collection in Response to the Coronavirus Pandemic <a href="#">I20NY0010</a>	The report noted that FSA took quick action to implement processes that generally achieved positive results in suspending and refunding most involuntary collections on defaulted Department-held loans. The report noted that FSA could improve its processes related to refunding involuntary collections from borrowers.  <b>Current Status:</b> FSA informed us that audit is resolved, but all corrective actions have not been completed.	3	0	\$0	10/31/2022

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
FSA	Federal Student Aid's FY 2020–2024 Strategic Planning Process <a href="#">A20GA0002</a>	The report noted that FSA did not have documented processes to guide its strategic planning and to ensure that the strategic goals, objectives, and performance indicators included in the fiscal year 2020–2024 Strategic Plan were effective.  <b>Current Status:</b> FSA informed us that audit is resolved, but all corrective actions have not been completed.	0	1	\$0	8/16/2022
FSA	Special Allowance Payments to Sallie Mae's Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations <a href="#">A03I0006</a>	The audit found that although its billings for the special allowance payments under the 9.5 percent complied with laws, Sallie Mae's billing for Nellie Mae did not comply with other requirements for the 9.5 percent floor calculation.  <b>Current Status:</b> FSA informed us that the audit is under the appeal process.	0	3	\$22,378,905	N/A
FSA	National Aviation Academy of Tampa Bay's Use of Professional Judgment <a href="#">A20IL0001</a>	The report noted that National Aviation Academy of Tampa Bay did not adequately document special circumstances for 34 of the 37 students for whom it applied professional judgment, including dependency override, for award year 2017–2018 or award year 2018–2019, and therefore was not in accordance with sections 479A and 480 of the HEA.  <b>Current Status:</b> FSA informed us that the audit is resolved but is within the entity's 45-day appeal period.	0	3	\$115,776	N/A
OCIO	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2019 <a href="#">A11T0002</a>	The audit found that the Department and FSA programs were not effective in any of the five security functions—Identify, Protect, Detect, Respond, and Recover. We also identified findings in all eight metric domains.  <b>Current Status:</b> OCIO informed us that the audit is resolved, but all corrective actions have not been completed.	1	0	\$0	3/31/2023

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
OCIO	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2020 <a href="#">A11U0001</a>	The audit found that although the Department had several notable improvements in implementing its cybersecurity initiatives, its overall information technology security programs and practices were not effective in all of the five security functions.  <b>Current Status:</b> OCIO informed us that the audit is resolved, but all corrective actions have not been completed.	4	0	\$0	9/30/2022
OCTAE	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds <a href="#">A04O0004</a>	The audit found that Puerto Rico can improve its oversight of the Adult Education program to ensure that it (1) submits complete, supported, and accurate performance data to the Department, (2) uses funds in compliance with applicable laws and regulations, and (3) obtains and reviews single audit reports of subgrantees.  <b>Current Status:</b> OCTAE informed us that the audit is resolved, but all corrective actions have not been completed.	0	9	\$97,481	N/A
OESE	The U.S. Department of Education's Processes for Reviewing and Approving State Plans Submitted Pursuant to the Elementary and Secondary Education Act of 1965, as Amended <a href="#">A05S0001</a>	The audit noted that the Department designed state plan review and approval processes that were sound but did not implement all the processes as designed.  <b>Current Status:</b> OESE informed us that the audit is resolved, but all corrective actions have not been completed.	0	3	\$0	12/31/2022
OESE	Puerto Rico Department of Education's Unallowable Use of Temporary Emergency Impact Aid for Displaced Students Program Funds for Payroll Activities <a href="#">F19GA0027</a>	The report noted that the Puerto Rico Department of Education may have charged up to \$1.3 million in unallowable payroll costs to the Emergency Impact Aid program.  <b>Current Status:</b> OESE informed us that the audit is resolved, but all corrective actions have not been completed.	2	0	\$0	12/31/2022

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
OESE	The Department's Oversight of the Student Support and Academic Enrichment Program <a href="#">A19DC0004</a>	The audit found that the Office of Safe and Supportive Schools provided inadequate oversight of grantee performance and funds awarded under the Student Support and Academic Enrichment program.  <b>Current Status:</b> OESE informed us that the audit is resolved, but all corrective actions have not been completed.	0	7	\$0	9/30/2022
OESE	Detroit Public Schools Community District: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses <a href="#">A05R0001</a>	The report found that Detroit Public Schools had made progress towards implementing policies and procedures that were redesigned to provide reasonable assurance that previously reported audit findings would not reoccur. However, the Detroit Public Schools Community District had not effectively implemented all of them, including procedures for approving and documenting personnel, employee travel, and consultant services costs.  <b>Current Status:</b> OESE informed us that the audit is resolved, but all corrective actions have not been completed.	0	10	\$0	N/A
OESE	Calculating and Reporting Graduation Rates in Utah <a href="#">A06R0004</a>	The audit found that Utah's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete for the school year 2014–2015. Further, the audit found that Utah did not calculate its adjusted cohort graduation rates in accordance with Federal requirements.  <b>Current Status:</b> OESE informed us that the audit is resolved, but all corrective actions have not been completed.	0	7	\$0	N/A



Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
OFO	Final Independent Auditors' Report Fiscal Years 2017 and 2016 Financial Statements U.S. Department of Education <a href="#">A17R0001</a>	The report identified two significant deficiencies in internal control over modeling activities and information technology controls. The report also identified one reportable noncompliance with Federal law related to delinquent student loan debt.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1	0	\$0	9/30/2022
OFO	Final Independent Auditors' Report Fiscal Years 2020 and 2019 Financial Statements U.S. Department of Education <a href="#">A17U0001</a>	The report noted one material weakness in internal control over financial reporting, three significant deficiencies in internal control over financial reporting, and one instance of reportable noncompliance with Federal law related to delinquent student loan debts.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	4	0	\$0	10/28/2022
OFO	U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for Fiscal Year 2020 <a href="#">A21GA0014</a>	The audit noted that the Department did not comply with the Payment Integrity Information Act of 2019 because it did not meet two of the six compliance requirements.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1	0	\$0	9/30/2022
OFO	University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Project <a href="#">A05D0017</a>	The audit found that the school failed to show that it provided services to participants from its cohort. Also, the school and its partnership failed to provide their required non-Federal matching contributions for the first 3 years of the grant.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	0	4	\$1,018,212	N/A

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Open Sig Recs	Open Other Recs	Value of Potential Cost Savings	Projected Action Date
OPEPD	Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints <a href="#">A09R0008</a>	The audit found that the Office of the Chief Privacy Officer did not have controls to ensure that it timely and effectively processed the Family Educational Rights and Privacy Act complaints.  <b>Current Status:</b> OPEPD informed us that the audit is resolved, but all corrective actions have not been completed.	0	1	\$0	3/31/2025
OSERS	Ohio Department of Education's and Selected Virtual Charter Schools' Internal Controls Over Individualized Education Programs <a href="#">A03S0006</a>	The audit found that Ohio could strengthen its monitoring process to ensure that LEAs also have written procedures on how they implemented the model policies for Individualized Education Program development and how they provided and documented service delivery for students with disabilities, and by requiring sponsors to timely report significant compliance issues found during their LEA monitoring reviews.  <b>Current Status:</b> OSERS/OSEP informed us that the audit is in the Department's audit closure process.	0	5	\$0	N/A
TOTAL	24	-	24	57	\$23,640,818	-

## Table 6. Audit and Other Reports with Questioned or Unsupported Costs

None of the products reported in this table were performed by the Defense Contract Audit Agency.

Requirement	Number	Questioned Costs (Includes Unsupported Costs)	Unsupported Costs
A. For which no management decision has been made before the commencement of the reporting period	7	\$22,161,671	\$20,624,449
B. Which were issued during the reporting period	2	\$5,747,239	\$2,795,697
Subtotals (A + B)	9	\$27,908,910	\$23,420,146
C. For which a management decision was made during the reporting period	1	\$115,776	\$115,776
(i) Dollar value of disallowed costs	1	\$115,776	\$115,776
(ii) Dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision was made by the end of the reporting period	8	\$27,793,134	\$23,304,370

## Table 7. Audit and Other Reports with Recommendations for Better Use of Funds

None of the products reported in this table were performed by the Defense Contract Audit Agency.

Requirement	Number	Dollar Value
A. For which no management decision was made before the commencement of the reporting period	0	\$0
B. Which were issued during the reporting period	0	\$0
Subtotals (A + B)	0	\$0
C. For which a management decision was made during the reporting period	0	\$0
(i) Dollar value of recommendations that management agreed to	0	\$0
(ii) Dollar value of recommendations that management did not agreed to	0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0

## Table 8. Peer Review Results

Description
During this reporting period, the U.S. Small Business Administration OIG completed its peer review of the OIG's inspection and evaluation organization. The Small Business Administration OIG peer review team concluded that (1) the OIG's policies and procedures generally were consistent with the seven Blue Book standards addressed in the external peer review and (2) all three reports reviewed generally met the Blue Book standards and complied with OIG policies and procedures. The Small Business Administration OIG report can be found <a href="#">here</a> on our website.

## Table 9. Description of Investigations Involving Senior Government Employees (GS-15 or above) that Were Closed but Not Disclosed to the Public

Description
The OIG received a referral from an Office of General Counsel ethics official dated December 13, 2021, reporting that a former senior Government employee in FSA failed to fully complete his Office of Government Ethics Form 278e upon his departure from the Department, despite the Office of General Counsel's numerous attempts to assist him. In September 2021, the former employee became nonresponsive to the Office of General Counsel, at which time the office imposed a \$200 late filing fee. On February 4, 2022, the former employee met with the OIG, in person, and the Office of General Counsel, telephonically, at which time he completed his Office of Government Ethics Form 278e. On March 10, 2022, the former employee paid the \$200 late filing fee.



Table 10. Other Reporting Requirements

Requirement	Results
Significant Problems, Abuses, or Deficiencies Related to the Administration of Programs and Operations	Nothing to Report
Significant Management Decisions with which the OIG Disagreed	Nothing to Report
Summary of Instances where Information or Assistance was Refused or Not Provided	Nothing to Report
Summary of Audit Reports for which No Agency Comment was Returned to the OIG within 60 Day of Issuance	Nothing to Report
Significant Revised Management Decisions	Nothing to Report
Unmet Intermediate Target Dates Established by the Department under the Federal Financial Management Improvement Act of 1996	Nothing to Report
Description of Instances of Whistleblower Retaliation	Nothing to Report
Description of Attempt by the Agency to Interfere with OIG Independence	Nothing to Report
Audits or Inspections Closed but Not Disclosed to the Public	Nothing to Report
Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) where the Allegations of Misconduct were Substantiated	Nothing to Report
Contract-Related Audit Products with Significant Findings	Nothing to Report

## Acronyms and Abbreviations


CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	coronavirus disease 2019
DATA Act	Digital Accountability and Transparency Act
Department	U.S. Department of Education
FAFSA	Free Application for Federal Student Aid
FBI	Federal Bureau of Investigation
FISMA	Federal Information Security Modernization Act of 2014
FSA	Federal Student Aid
FY	fiscal year
GAO	Government Accountability Office
GEER	Governor's Emergency Education Relief
HEA	Higher Education Act of 1965, as amended
IHE	institutions of higher education
LEA	local educational agency
OIG	Office of Inspector General
PRAC	Pandemic Response Accountability Committee
TEACH	Teacher Education Assistance for College and Higher Education

### FY 2022 Management Challenges

The Reports Consolidation Act of 2000 requires the OIG to identify and summarize the most significant management challenges facing the Department each year. Below are the management challenges that the OIG identified for FY 2022.

- Implementing Pandemic Relief Laws
- Oversight and Monitoring
- Data Quality and Reporting
- Improper Payments
- Information Technology Security

For a copy of our Management Challenges reports, visit our website at <http://www2.ed.gov/about/offices/list/oig/managementchallenges.html>.



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