



Semiannual Report to Congress, No. 90

October 1, 2024–March 31, 2025

U.S. Department of Education
Office of Inspector General

Office of Inspector General

April 2025

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Message from the Acting Inspector General

On behalf of the U.S. Department of Education (Department) Office of Inspector General (OIG), I present this Semiannual Report on the activities and accomplishments of this office from October 1, 2024, through March 31, 2025. The audits, investigations, and related work highlighted in this report are products of our mission to identify and stop fraud, waste, and abuse; and promote accountability, efficiency, and effectiveness through our oversight of the Department's programs and operations.

During this reporting period, the OIG completed work covering a number of important Department activities and programs, including those involving pandemic relief aid, Federal student aid, K–12 education, and some of our annual statutory reviews. We also continued our work to identify and stop fraud, waste, abuse, and other criminal activity involving Department funds, programs, and operations.

In our audit-related work, we issued 18 reports that offered recommendations aimed at improving Department programs and operations. This included our statutory financial statement audits, where for the third year in a row, an independent certified public accounting firm, performing work under OIG oversight, reported disclaimers of opinion on the fiscal year (FY) 2024 consolidated financial statements for both the Department and the office of Federal Student Aid. The auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion because of errors identified in the underlying data used to calculate the subsidy re-estimates for the Department's direct loan and loan guaranty programs. Further, during this reporting period, Navient agreed to pay \$15 million to settle a dispute arising from a 2009 OIG audit that found the student lender Sallie Mae (which later became Navient) and its subsidiary Nellie Mae, did not comply with regulations related to loans eligible for special allowance payments

at the 9.5 percent floor, resulting in the lender receiving overpayments of about \$22.3 million.

In our investigative work, we closed 25 investigations involving fraud or corruption and secured more than \$4.7 million in restitution, settlements, fines, savings, recoveries, and forfeitures. 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. This included a nurse practitioner in New York who was sentenced to prison for orchestrating an \$11.2 million Total and Permanent Disability Discharge fraud scam; a guilty plea by the leader of a North Carolina-based student aid fraud ring that targeted more than \$5 million in Federal student aid; and the indictment of a former Boone County (West Virginia) Schools Maintenance Director and guilty pleas by his conspirators in a \$3.4 million fraud scam. Further, we continued our outreach efforts to help everyone—from school officials and employees to students and families—identify and report education-related fraud to the OIG. You will find highlights of those efforts in this Semiannual Report, as well as summary tables containing statistical and other data as required by the Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424) and other statutes.

In closing, I would be remiss not to mention the workplace challenges our office has faced during this reporting period. From the removal of the Inspector General in January; losing some 20 percent of our staff to the Deferred Resignation Program, early retirement and separation incentives, and other attrition; the Department's workforce reductions in March; and the possibility of abolishing the agency have left the OIG staff anxious and concerned about their future. Yet despite this, our commitment to our mission and serving our stakeholders remains strong. For example,



we have initiated a series of reviews of selected departmental offices to provide information on the Department's programs and operations following recent workforce changes. The goal of our work is to identify the cumulative effect of staffing reductions in relation to the Department's statutory responsibilities, along with any actions it should consider, to help ensure productive and efficient operations following its workforce changes. These reviews are consistent with our statutory responsibility to conduct audits and investigations relating to the Department's programs and operations and to promote economy, efficiency, and effectiveness in the Department's administration of such programs and operations. As we know this is time-sensitive work that will be of value to the Department, Congress, students and their families, schools, school districts, and States,

we hope to begin issuing our results in the summer. We will be sure to share these reports with you once issued and will highlight them in our next Semiannual Report to Congress.

We look forward to working with the 119th Congress, the Department, and the Administration to provide our nation's taxpayers with assurance that the Federal government is using their hard-earned money effectively and efficiently.

René L. Rocque

Acting Inspector General





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Federal Student Aid Programs *and* Operations

The U.S. Department of Education's (Department) Office of Federal Student Aid (FSA) 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. Further, the Department disburses about \$120 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.

REPORTS

During this reporting period, a \$15 million settlement was reached as a result of a 2009 Office of Inspector General (OIG) audit, and we also issued five reports related to the Federal student aid programs and operations. Summaries of these reports follow.

Navient Agrees to Pay \$15 Million to Settle Issues Identified in 2009 OIG Audit

Navient agreed to pay \$15 million to settle a dispute arising from a [2009 OIG audit](#) that found the student lender Sallie Mae (which later became Navient) and its subsidiary Nellie Mae, did not comply with regulations related to loans eligible for special allowance payments at the 9.5 percent floor, resulting in the lender receiving overpayments of about \$22.3 million. FSA issued a final audit determination letter in 2013, requiring Sallie Mae to remit the overpayments to the Department. Navient appealed the final audit determination and the matter was in litigation and parties in discussions for more than a decade. On December 5, 2024, Navient and the Department signed the settlement agreement, which resolved all issues between the parties arising from our report.

FSA's Oversight of Section 117 Reporting Requirements

Congress enacted Section 117 of the Higher Education Act of 1965, as amended (HEA), mandating financial transparency of institutions of higher education (IHE) through required reporting of gifts from and contracts with a foreign source. Applicable IHEs must file a disclosure report by one of the two annual reporting deadlines once the reporting obligation has been triggered. Section 117 helps to raise awareness of potential foreign influence on college campuses which could help stakeholders assess, detect, and respond to potential threats to U.S. academic and research pursuits, free speech on campuses, and national security. In 2019, the Department's Office of the General Counsel assumed responsibilities from FSA for primary oversight of Section 117 reporting. In October 2023, primary oversight responsibilities were delegated back to FSA. We conducted an inspection to evaluate FSA's oversight of IHEs' reporting of foreign gifts and contracts under Section 117. To answer our objective, we reviewed FSA's oversight activities, along with FSA's monitoring plan, policies, and procedures related to its oversight of IHE reporting under Section 117. We also sought to determine whether FSA was accurately posting the data it receives from IHEs.



We found that FSA's oversight of IHEs' reporting of foreign gifts and contracts under Section 117 needs improvement. Specifically, FSA's oversight activities are limited to reviewing whistleblower tips, the Department's news bulletins, and other media reports for potential IHE noncompliance with Section 117 and providing technical assistance to IHEs. FSA did not have any monitoring plans, policies, or procedures in place for its oversight of Section 117 reporting. Additionally, although we found that FSA was accurately posting the data it receives from IHEs through its Section 117 reporting portal onto its public-facing website, it could improve its reporting portal to assist in identifying and reducing data input errors. We made six recommendations to address the issues identified, including that FSA assess its planned resourcing of Section 117 oversight by developing and implementing a monitoring plan, requiring data certifications from a high-level official at all applicable IHEs, and including edit checks and instructions in the reporting portal system to ensure that IHEs are properly classifying and providing required information for restricted gifts and contracts. FSA agreed with our conclusions, agreed with five recommendations, and partially agreed with one recommendation. [Read the Section 117 Report.](#)

The Department's Assessment and Recoupment of Liabilities from Closed Institutions of Higher Education

The Department is responsible for minimizing the risk that Federal funds will be lost when an IHE stops participating in the programs authorized by Title IV of the HEA (Title IV). When an IHE stops participating in Title IV programs, either voluntarily or involuntarily (due to closure or other circumstances), any program funds that the IHE is required to return to the Department are identified by the closeout procedures it is required to perform and the liability assessment processes FSA performs. If the required closeout procedures are not completed, an alternative assessment is performed by FSA to determine whether the IHE must return program funds to the Department. The Department's Office of Finance and Operations is responsible for recouping these funds from the IHEs. According to the Department, from 2013 to 2022, FSA assessed \$1.6 billion in liabilities against closed IHEs but recouped only \$344 million of this amount. We performed an inspection to determine the results of the Department's processes for assessing and recouping liabilities from IHEs that closed from October 1, 2020, through September 30, 2023.

Our inspection found that the Department had processes in place for assessing and recouping liabilities from IHEs that close. Based on these processes, FSA's School Participation Divisions (SPD) determined that as of March 2024, 47 of the 161 IHEs that closed between October 1, 2020, and September 30, 2023, should repay the Department a total of \$34,593,135 in Title IV program funds. We selected 19 of these closed IHEs to review. FSA's SPDs assessed liabilities totaling \$30,507,138 for 13 of the 19 closed IHEs. The Department's Office of Finance and Operations recouped a total of \$812,998 of those liabilities from 8 of the 13 IHEs. However, despite these efforts, we found that five of the seven SPDs that oversee IHEs and that we included in our review did not always follow the established processes to timely determine whether liabilities should be assessed against IHEs that closed. These processes are

necessary to timely determine closed schools' liabilities and to make those determinations in a manner consistent with established guidance. We also found that four of the seven SPDs did not always comply with procedures requiring staff to send notices to FSA stakeholders regarding an IHE's closure or pending closure. Further, the seven SPDs included in our review did not always comply with procedures requiring staff to send a Close-Out Audit Reminder letter to closed IHEs within 10 business days after closure. We did not identify any issues with the Department's actions to recoup liabilities from the IHEs we sampled in our review. We made six recommendations to strengthen the policies, procedures, and processes that the Department has in place for assessing liabilities against IHEs that closed and to ensure required notifications are sent to appropriate stakeholders and IHEs about closure and the pending closure of IHEs. FSA generally agreed with our recommendations. [Read the Recoupment of Liabilities Report.](#)

FSA's Oversight of Contractor's Acceptability Review Process for Proprietary Institutions Annual Audits

In order to participate in Title IV programs, IHEs must submit annual audits performed by an independent auditor to FSA. Proprietary IHE auditors are required to perform the compliance and financial statement audits in accordance with the Government Auditing Standards, Generally Accepted Auditing Standards, and the audit guide developed by the OIG. Ensuring related audit reports meet applicable reporting requirements and are appropriately identified by FSA's contractor for follow-up is important because FSA uses the IHE's annual audits to help carry out its oversight responsibility of Title IV programs, including identifying areas of concern and taking necessary actions towards the IHE. The significance of processes to help ensure the quality of related audit reports is further demonstrated by the level of funding involved. During award year 2022–2023, proprietary IHEs received almost \$15 billion in Title IV aid. We performed this audit to determine whether FSA's oversight of its contractor's acceptability review process ensured that annual proprietary IHEs' audits meet applicable audit reporting requirements.

FSA's oversight of its contractor's acceptability review process could be improved to ensure that annual proprietary IHE audits meet applicable audit reporting requirements. We identified the following weaknesses in FSA's oversight processes.

- FSA did not ensure its contractor's compliance audit acceptability review process included audit reporting requirements necessary for program oversight.
- The sampling methodology FSA used to select some proprietary IHE audits for quality control reviews had not been reassessed since it was established in 2005.
- FSA's oversight activities relating to some proprietary IHE audits did not always identify instances where audit reporting requirements necessary for program oversight were not met.

- FSA did not perform an additional level of review of audit reporting requirements for proprietary IHE audits that were identified by its contractor as requiring review and resolution by FSA.

In addition, we also identified a substantial backlog of financial statement audits identified by the contractor for detailed review and resolution by FSA. We made five recommendations to improve FSA's activities relating to oversight of its contractor's acceptability review process. We made one suggestion to FSA to address the backlog of financial statement audits. FSA agreed with our recommendations. [Read the Contractor's Acceptability Report.](#)

Free Application for Federal Student Aid Simplification Act and Student Loan Forgiveness Initiatives Accounting

The Free Application for Federal Student Aid (FAFSA) Simplification Act made several changes to the FAFSA, including changing the formula for determining a student's need for student financial assistance and simplifying the application. The rollout of the redesigned 2024–2025 FAFSA application encountered issues that affected students' ability to apply for aid. The Department has also introduced several student loan forgiveness initiatives, including an initial debt relief plan, the Student Debt Relief loan discharge program, and the Saving on a Valuable Education Plan. As a result of Congressional concerns related to resources spent on these initiatives, we initiated a review to determine if (1) for the FAFSA Simplification Act and student loan forgiveness initiatives, FSA has prepared accountings of appropriated funds, obligations, administrative expenses, and staffing for fiscal years (FY) 2021–2024; and (2) FSA provided Congress with detailed spend plans of anticipated uses of funds made available under the FYs 2021–2024 appropriations laws.

We found that FSA did not have readily available full accountings of appropriated funds, obligations, administrative expenses, and staffing related to its FAFSA Simplification Act and student loan forgiveness initiatives for FYs 2021–2024. We also found that FSA provided spend plans to Congress from FYs 2021–2024 as required by the respective appropriations acts, though FSA's initial submissions to Congress were late in all four fiscal years. Additionally, one of the required subsequent quarterly updates was not submitted in FY 2023, and another quarterly update was late in FY 2024. We also found that the spend plans provided limited information specific to the use of funds for FSA's FAFSA Simplification Act and student loan forgiveness initiatives. To address the issues identified, we made three recommendations for FSA to (1) determine the feasibility and appropriateness of implementing a managerial cost accounting system and (2) evaluate the financial information requirements for FSA's initiatives and projects and determine if FSA's existing information systems support the reporting of financial information consistent with the expectations of external stakeholders. We also recommended that the FSA Chief Operating Officer, in coordination with the Department's Budget Director, ensure that spend plans and quarterly updates are submitted timely and comply with requirements. FSA generally agreed with our recommendations. [Read the FAFSA Accounting Report.](#)



**OIG Perspective
Report: The
Importance of
Strengthening
Internal Controls
in Federal
Student Aid for
FYs 2019–2024**

The purpose of this report was to summarize the OIG’s oversight and investigative work involving Federal student aid programs and operations over the past six FYs—FY 2019 through FY 2024 and to provide FSA with context on historical areas of weakness involving internal controls. Internal controls are those checks and balances that help ensure the integrity of accounting and financial information, prevent fraud, promote accountability, help an organization comply with laws and regulations, and improve operational efficiency. Without effective systems of internal controls, an organization may not perform effectively and efficiently; may report and make decisions based on unreliable information about its operations; risk noncompliance with applicable laws, regulations, and guidance; and leave themselves vulnerable to fraud, embezzlement, other criminal activity, and organizational mismanagement.

To identify common themes across internal control vulnerabilities identified during our audit work, we evaluated recommendations made in OIG reports to address those vulnerabilities and assessed their correlation with each internal control component. As highlighted in the report, for FYs 2019–2024, the OIG issued 25 reports related to the administration of Federal student assistance programs which included 178 recommendations intended to improve a wide range of activities. Further, in this effort, we analyzed complaints received by the OIG Hotline specific to Federal student aid programs and FSA operations to identify trends and fraud indicators, summarized investigative results related to student aid fraud, and assessed their correlation to internal controls. As noted in the report, for FYs 2019–2024, the OIG closed 128 investigations specific to Federal student aid, which resulted in 91 criminal actions (i.e., indictments, guilty pleas, sentencings) and 11 administrative actions (in conjunction with FSA) with monetary results totaling more than \$344.5 million. We noted in the report that although we received 12,014 complaints through our Hotline involving Federal student aid for the time period covered by the report, we could not open an investigation into all of those allegations due to our limited resources. As such, we prioritized the allegations based on the significant threat to or impact on the Department’s funding and programs. Those allegations we did not investigate were referred to FSA for handling. For FYs 2019–2024, we referred some 600 allegations to FSA that, based on our initial review, we estimate the total disbursement to be approximately \$54.2 million.

Overall, our report was intended to provide context on historical areas of weakness and vulnerabilities in FSA’s internal controls identified through the OIG’s audit work and to provide insight gleaned from the OIG’s investigative work on the importance of strengthening internal controls to help mitigate the risk of fraud in the Federal student assistance programs. By strengthening its internal controls, FSA can better ensure that Federal student aid programs are carried out as required, achieve the desired results, and reach the intended recipients.

[Read the Strengthening Internal Controls Perspective Paper.](#)





INVESTIGATIONS AND OUTREACH

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.

Former Information Technology Director at Rust College Indicted in \$2.8 Million Scam (Mississippi)

A former information technology (IT) director at Rust College was indicted for stealing more than \$2.8 million from the school through a phony invoice and services scam. From 2011 through 2020, the former official allegedly submitted misleading, false, and fraudulent invoices to Rust College on behalf of two companies he owned while he was a full-time employee of the school, fraudulently billing the school for IT labor and equipment never provided or delivered. According to the indictment, the former official never disclosed to Rust College his ownership of the companies.

Former Graduate School Assistant Dean, Conspirators Sentenced for Defrauding School Out of \$1.3 Million (New Jersey)

The former Assistant Dean of a graduate school in New Jersey was sentenced to 36 months in prison for defrauding the school out of more than \$1.3 million. She was also ordered to pay more than \$1.3 million in restitution. From 2009 through 2022, the former Assistant Dean used her position and access to the school's finances to run various scams, including (1) directing a school vendor to pay the two employees as though they worked for the vendor (even though they did not perform any services) and caused the vendor to submit false invoices to the graduate school in order to reimburse the vendor for the amounts fraudulently paid to the two employees; (2) conspired with one of the employees to direct school vendors to order hundreds of thousands of dollars of gift cards and prepaid debit cards the conspirators used for their personal benefit, and then to submit fraudulent invoices to the school purporting to be for

goods and services that were never provided. The three also misused the former Assistant Dean's school-issued credit card to purchase hundreds of thousands of dollars of gift cards and prepaid debit cards from the school's bookstore; (3) opened a shell entity, which never rendered any services to the graduate school, and then submitted fraudulent invoices totaling more than \$208,000; and (4) used school-issued credit card to make tens of thousands of dollars in unauthorized personal purchases, including over \$70,000 in purchases from an online retailer that were shipped directly to their homes. The former official's co-conspirators were also sentenced for their roles in the scheme. One conspirator was sentenced to serve 8 months in prison, and a second conspirator was sentenced to two years of probation and both were ordered to pay more than \$1.3 million in restitution, jointly with the former Assistant Dean. [Read the Press Release.](#)

**Former Owner
of Jolie Hair
Academy
Sentenced
to Prison for
\$209,000 Student
Aid Fraud Scheme
(Virginia)**

The former owner of the Jolie Hair Academy (JHA) was sentenced to serve 1 year and 1 day in prison and was ordered to pay more than \$209,100 in restitution for student aid fraud. In 2021 and 2022, the owner orchestrated a scheme to fraudulently submit, and directed others to submit, FAFSAs on behalf of JHA students who were ineligible for Federal student aid. Specifically, the owner obtained aid for students who already had their cosmetology licenses, worked at JHA, were in a program not eligible for student aid, or were unaware their personally identifiable information (PII) was used to apply for student aid.

**Former Financial
Aid Director,
Son, and Another
Conspirator
Sentenced in
\$133,000 Fraud
Scheme at Texas
College (Texas)**

In recent [Semiannual Reports to Congress](#), we highlighted our case involving a former financial aid director of Texas College, her son, and two other students who pled guilty to their roles in the scheme, one of whom had been sentenced. During this reporting period, the former financial aid director, her son, and another conspirator were sentenced. From 2019 through 2020, the former director used her position and access to the school's financial aid systems to trigger student aid payments to her son and others who were not otherwise eligible to receive. The former official was sentenced to serve 14 months in prison and was ordered to pay more than \$133,00 in restitution; her son was sentenced to serve 3 year of probation and pay more than \$12,400 in restitution; and the other conspirator was sentenced to serve 3 year of probation and pay more than \$26,000 in restitution.

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. In addition, during this reporting period the OIG continued to promote its Eye on ED podcast episode focused on student aid fraud rings, as well as its two information sheets aimed at helping schools and the public identify and report possible fraud rings. These [fraud ring materials](#) are available on our website.

Leader of Ring That Targeted More than \$5 Million in Student Aid Pled Guilty (North Carolina)

The leader of a student aid fraud ring that targeted some \$5 million in student aid pled guilty to fraud charges. Between 2016 and 2023, the ringleader recruited more than 70 people to participate in the ring as “straw students,” using their personal identifying information (PII) to apply for admission to and receive Federal student aid for attending multiple schools in North Carolina. The ringleader attempted to make it appear that the straw students were attending classes, completing coursework, and communicating with the targeted schools when, in fact, she was impersonating the straw students for these and other purposes. When the straw student received their student aid award balance, they kicked a substantial portion back to the ringleader. [Read the North Carolina Press Release.](#)

Alleged Leader of \$1.5 Million Student Aid Fraud Ring Indicted (Texas)

The alleged leader of a fraud ring that targeted more than \$1.5 million in Federal student aid was indicted on charges of fraud and identity theft. From 2015 through 2022, the ring allegedly applied for admissions to and receive Federal student aid for online courses at two colleges in Texas. For some, the ring allegedly used the PII of individuals without their consent or knowledge and for others the ringleader told them that they would not need to attend classes or complete coursework. The leader allegedly completed phony FAFSAs, admissions forms, and had the student aid award balances sent to bank accounts the ring controlled, which they used for their personal benefit.

Action Taken Against Another Member of \$1.48 Million Fraud Ring (California)

In our last [Semiannual Reports to Congress](#), we highlighted our investigation of a fraud ring that used the identities of prison inmates to illegally obtain more than \$1.48 million in Federal student aid. During this reporting period, another fraud ring entered into a pretrial diversion program. Pretrial diversion programs divert certain offenders from traditional criminal justice processing into alternative systems of supervision and services, which still ensures accountability for criminal conduct. From 2012 through 2017, the ring members obtained PII, including names and Social Security numbers, of State prison inmates and other victims and used this information to fraudulently enroll in community colleges. They then posed as straw students to apply for Federal student aid using



the FAFSA and directed those funds to bank accounts they controlled. Those funds were used for personal expenses and were not used for permitted educational costs at a community college in Orange County.

Leader of Ring that Targeted More Than \$930,000 in Student Aid Indicted (Indiana)

The alleged leader of a student aid fraud ring that targeted more than \$930,000 in student aid was charged with wire fraud and financial aid fraud. According to the indictment, starting in 2018, the ringleader submitted more than 50 fraudulent FAFSA applications for more than a dozen straw students—people with no intention of attending classes, just seeking to obtain the student aid. The ringleader allegedly directed the student award balance to accounts or reloadable debit cards controlled by her or others with whom she conspired. The leader allegedly perpetuated the fraud scheme by completing and submitting assignments for the straw students who were enrolled in the schools' online programs in order to maintain the straw students' enrollment in the college, which allowed the ringleader to apply and receive student aid in the name of the straw students over multiple years.

Leader of a Ring That Used the PII of Prison Inmates and Others in \$652,000 Fraud Scam Pled Guilty (Texas)

The leader of a fraud ring that targeted more than \$652,000 in Federal student aid pled guilty to fraud charges. From 2019 through 2024, the ring used the PII of 39 unwitting people, including people who were in prison at the time, to apply for Federal student aid in their names for purported attendance in online courses offered by several colleges in Arizona, Louisiana, Mississippi, and Texas for the sole purpose of obtaining financial aid funds. The ringleader and her conspirators completed phony FAFSAs, admissions forms, and attended some of the online classes until the schools disbursed the student aid award balances. The leader had those award balances sent to bank accounts the ring controlled, which they used for their personal benefit.

Leader of \$450,000 Student Aid Fraud Ring Pled Guilty (New York)

The leader of a fraud ring that targeted more than \$466,000 in Federal student aid pled guilty to fraud charges. The ringleader and her co-conspirators used stolen identities in the ring's decade-long scam, using those identities to apply for admission to and receive Federal student aid for purported attendance at online colleges and having the student aid award balance sent to addresses and bank accounts within their control. [Read the New York Fraud Ring Press Release.](#)

Other Student Aid Fraud Investigations

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

Nurse Practitioner Sentenced to Prison for \$11.2 Million Total and Permanent Disability Discharge Fraud (New York)

A nurse practitioner who stole the identities of 12 medical doctors and orchestrated an \$11.2 million disability loan fraud scheme was sentenced to serve 5 years in prison and was ordered to pay more than \$635,000 in restitution. From June 2017 through March 2022, the woman deceived over 100 borrowers into believing they qualified for various forms of student loan relief, including total and permanent disability relief, and charged them fees—often between 10 and 20 percent of the loan amount—to facilitate their loan discharge process. The nurse practitioner used the personal identifying information of the borrowers to submit fraudulent applications for student loan discharge applications. She also used the stolen identities, medical license numbers, and forged signatures of over a dozen medical doctors to falsify medical diagnoses and disability certifications. [Read the New York Press Release.](#)

Former Prison Inmate Who Represented Herself as Student Aid Advisor Sentenced to 10 Years in Prison for \$850,000 Fraud Scheme (Missouri)

A former prison inmate who not only harvested the PII of fellow inmates while she was in prison to run a student aid scam but also represented herself as a student aid advisor, was sentenced to 10 years in prison without parole and was ordered to pay more than \$857,000 in restitution. From 2019 through 2022, the woman represented herself as someone who could help interested students apply for Federal student aid, and with tax forms. Instead, she used the identities provided to her to enroll the unwitting students in online classes at Colorado Technical University and the American Public University System. She completed admissions and student aid application forms with those identities, using bank account information within her control in order to pocket the student aid award balance. The woman continued her fraud scheme even after she knew she was being investigated by Federal agents, and after pleading guilty. [Read the Missouri Press Release.](#)

Man Indicted for Using Identities of Father, Brother, Others in \$200,000 Fraud Scam (Arkansas)

A man was indicted for using the identities of his father, brother, and others in a \$200,000 student aid fraud scam. From 2017 through 2022, the man allegedly used these identities to apply for admissions to and receive Federal student aid for attendance in online programs at a number of colleges. The application and admissions forms included fraudulent and falsified information, such as forged transcripts, Social Security cards, and birth certificates and provided bank account information that he controlled in order to pocket the student aid award balance. As a result of his alleged efforts, the man fraudulently received more than \$200,000 in Federal student aid.



Student Loan Fraud Awareness and Prevention Materials

During this reporting period, the OIG continued to inform the public about student loan fraud and scams. Through its fraud awareness materials and information, the OIG encouraged student loan borrowers to stay alert and avoid falling victim to student loan forgiveness and debt relief scams and provided actions they can take to protect themselves. These materials provide helpful tips and proactive steps for student borrowers to take to avoid falling victim to student loan scams, student loan forgiveness scams, student loan debt relief scams, and identity theft. The flyers also list actions to take should students think they have been caught in a scammer's trap. Further, the OIG also produced a new information sheet for student aid administrators to help them identify and report fraud to the OIG and issued another FraudGram – our free newsletter that shares facts on the latest education-related schemes and scams. These [free materials](#) are available on our website.

Elementary *and* Secondary Education Programs

The Department administers more than 100 programs that involve 56 States and territorial educational agencies, more than 17,000 public school districts, about 128,000 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 protect public education funds for eligible students by identifying those who abuse Department funds and holding them accountable for their unlawful actions.

REPORT

During this reporting period, we issued a report involving the School-Based Mental Health Services (SBMH) Grant Program. Increases in mental health needs resulting from traumatic events have brought challenges that affect students' ability to fully engage in learning. The SBMH Grant Program aims to address these challenges by increasing the number of credentialed mental health services providers providing school-based mental health services to students in local educational agencies (LEA) with demonstrated needs. The Department's Office of Elementary and Secondary Education (OESE) competitively awarded six new 5-year grants totaling about \$11.1 million and one new \$2.5 million 5-year grant in fiscal years 2020 and 2021, respectively. In FY 2022, OESE awarded 103 new 5-year grants totaling about \$131.8 million. Below is a summary of our report.

OESE's Processes for Awarding SBMH Services Grant Program Grants and Monitoring Grantee Performance

The objective of our audit was to determine whether OESE implemented processes to provide reasonable assurance that it awarded SBMH Grant Program grants in accordance with grant requirements and Department policy and monitored grantee performance. Our audit covered OESE's processes for awarding grants during the fiscal year 2022 SBMH Grant Program competition and for monitoring the performance of the seven grantees included in the FYs 2020 and 2021 cohorts. We found that OESE generally implemented processes that provided reasonable assurance that it awarded SBMH Grant Program grants in accordance with grant requirements and Department policy. It completed processes for peer review in accordance with Department policy; however, OESE did not screen grant applications to ensure that they met all application requirements before entering them into the peer review process. Additionally, OESE assessed applicant risk before awarding grants; however, it did not retain all risk assessment records required by Department policy. We also found that OESE did not always implement post-award activities as designed. Specifically, OESE did not design, finalize, and implement SBMH Grant Program monitoring plans. Additionally, its reviews of grantees' annual performance reports (APR) were limited to ensuring that the APRs included information in each section. Finally, while OESE designed risk mitigation strategies for FY 2020 grantees with elevated risk, it did not keep records showing that it implemented the strategies as designed.



We recommended that the Assistant Secretary for Elementary and Secondary Education require OESE to review the work of program officers to ensure that for future SBMH grant competitions they (a) screen all grant applications for all application requirements before entering them into the peer review process, (b) ensure that review of requirements checklists are completed before making new SBMH Grant Program awards, and (c) consistently follow existing records retention policies for official grant files. We also recommended that the Assistant Secretary verify that OESE has developed, finalized, and implemented a detailed monitoring plan that includes steps for reviewing grantees' progress towards meeting the goals in their approved applications and procedures for reviewing grantees' APRs and documenting its reviews of those APRs. The Department did not agree or disagree with our findings and did not agree with all of our recommendations. [Read the SBMH Report.](#)



INVESTIGATIONS AND OUTREACH

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–12 school officials, contractors, educational services providers, and other grantees and subgrantees.

Former Boone County Schools Maintenance Director Indicted, Contractor and Others Pled Guilty to Roles in \$3.4 Million Fraud Scam (West Virginia)

During this reporting period, actions were taken against the former maintenance director of Boone County schools, his parents, and a contractor for their roles in defrauding the school district out of \$3.4 million. The former director is alleged to have used his position to falsify documents showing that the Boone County Board of Education was receiving large amounts of janitorial and custodial products including hand soap, trash can liners, and face masks from Rush Enterprises, when the Boone County Board of Education only received a small amount of those products or paid for products that were never delivered. When Rush Enterprises received the payments, the company owner wrote checks from his business account to himself, cashed those checks at multiple banks, and paid the former

director a share of the proceeds from the fraudulent scheme with the cash. In February, the owner of Rush Enterprises pled guilty to his role in the scam, admitting that approximately 80 percent of the total payments his company received was for products never delivered. In March, the former maintenance director's parents pled guilty to charges related to their roles in the scam. The two made 11 cash deposits to their bank accounts in amounts ranging from \$8,000 to \$9,500 and totaling \$97,215—deposits designed to avoid banking reporting requirements, which they used along with other funds provided to them by their son, to purchase property. [Boone County Press Release 1](#), [Boone County Press Release 2](#), [Boone County Press Release 3](#).

Former Executive Director of the Center for Community Academic Success Partnerships Pled Guilty to Role in \$1.8 Million Fraud Scheme (Illinois)

The former Executive Director of the Center for Community Academic Success (CCAS) pled guilty to misappropriating some \$1.8 million. CCAS received government grants and other funds to provide after-school programs to schools in the Chicago area, including 21st Century Community Learning Centers Program funds that support academic enrichment opportunities. From 2012 to 2017, the former executive director conspired with another CCAS executive to submit grant applications that inflated CCAS's projected annual expenses and falsely claimed that the organization would receive services from five subcontractors. In reality, the former official knew that the subcontractors, two of which were other non-profit groups run by the two conspirators, provided no actual services to CCAS. The former Executive director also admitted to a separate fraud scheme that bilked funds from the AmeriCorps VISTA program. [Read the Illinois Press Release](#).

Former Tindley Accelerated Charter Schools CEO Pled Guilty to Role in \$1 Million-Plus Fake Invoicing Scheme (Indiana)

The former CEO of the Tindley Accelerated Charter School network pled guilty to his role in a fake invoicing scheme involving more than \$1 million. The former official conspired with others to submit invoices to the school and another unnamed nonprofit corporation for services that were never delivered. In turn, the former official received a portion of the funds, admitting that some of that money went to pay his credit card bills, a casino that hosted his family reunion, and a company that fixed his roof.

Owner of American Baila, 21st Century Community Learning Center Grantee, Pled Guilty to \$579,000 Fraud (Illinois)

The owner and operator of America Baila: Folkdance Company of Chicago (America Baila), a 21st Century Community Learning Center grantee, pled guilty to charges of fraud involving more than \$579,000. The owner made false representations on grant documentation in order to obtain Federal funds, including inflating America Baila's projected annual salary expenses and claiming the company would have an employee dedicated to meeting the activities set forth in the grant documentation and working specific hours per week, when he knew the employee would not performing the tasks, and who was living in another country during substantial periods of

time covered by the grants. The owner also ran a similar scheme involving Assistance for Arts Education Development and Dissemination grants.

Former Hulbert Public Schools Treasurer Sentenced, Conspirator Pled Guilty in \$372,000 Theft Scheme (Oklahoma)

The former treasurer of Hulbert Public Schools was sentenced, and the former encumbrance clerk pled guilty to stealing more than \$372,000 from the school district. From 2019 through 2021, the treasurer and the clerk used their access to the district's financial systems to issue themselves excessive payroll payments above and beyond their district-authorized salaries. The former treasurer was sentenced to serve 1 year and 1 day in prison and was ordered to pay more than \$372,000 in restitution. [Read the Oklahoma Press Release.](#)

Former Valentine Independent School District Official Sentenced to Prison for \$317,300 Fraud (Texas)

A former official with the Valentine Independent School District (Valentine ISD) was sentenced to prison for fraud involving more than \$317,300. The former official fraudulently and improperly used credit cards that were issued by Valentine ISD—cards that were intended for authorized purchases in his capacity as business manager and tax assessor and collector. Instead, he used the credit cards for hundreds of personal purchases, including but not limited to purchases for travel, lodging, home improvements, hardware store purchases, personal cell phone bills, fuel, oil changes, convenience store purchases, university tuition payments, and various other unauthorized purchases. Additionally, the former official accessed payroll information for several employees and former employees of the district in order to create fraudulent payroll payments that he sent to his personal bank account. The former official was sentenced to serve 27 months in prison and was ordered to pay more than \$314,400 in restitution. He was also ordered a forfeiture money judgment totaling more than \$291,800. [Read the Valentine ISD Press Release.](#)

Former Officials of Now Defunct Bridges Academy Charter School Officials Sentenced for Theft Related to Inflated Student Enrollment (North Carolina)

The former operations director and the former finance officer of Bridges Academy charter school, which closed in 2021, were sentenced for theft. From 2013 until 2021, the two submitted enrollment data to the North Carolina Department of Public Instruction (DPI) for students who did not actually attend the school. As a result of the inflated enrollment data, Bridges Academy received more than \$80,000 in Federal funds and more than \$404,000 in State funds to which it was not entitled. Further, the two also used the fraudulent enrollment data and money received related thereto to obtain a loan backed by the U.S. Department of Agriculture's (USDA) Rural Development Program, for the construction of an early learning center. As a result of the school's closure and the property's subsequent foreclosure, the USDA incurred a loss of more than \$1.1 million. In their plea agreements, the two were ordered to pay restitution to USDA, DPI, and the bank. Both former officials were sentenced to serve 2 years of probation and ordered to pay more than \$163,000 in restitution.

**Contractor
Sentenced for
Role in Public
Corruption Scam
Involving Former
Executive Director
of the Mississippi
Department
of Education
(Mississippi)**

In a previous [Semiannual Report](#), we highlighted our case involving the former Executive Director of the Mississippi Department of Education and three contractors who were indicted on charges related to their alleged participation in a bid-rigging and kickback scheme. During this reporting period, one of the contractors was sentenced to 4 months of home confinement, 3 years of probation and was ordered to pay \$1,100 in fines and assessments for his role in the scam. The former Executive Director allegedly used her position to split contract requests from one contract into multiple smaller contracts in order to avoid threshold amounts that would trigger a formal competitive bidding process. To meet the requirement that such an informal bid have at least two competing vendor quotes for comparison, the former Executive Director allegedly obtained false and inflated quotes designed to make the intended conspirator's business the lower bid, thus guaranteeing the award of the contract. The former Executive Director is alleged to have received more than \$42,000 directly or indirectly from her conspirators while the contractors garnered more than \$650,000 from the State of Mississippi, including Federal funds granted to Mississippi.

**Former
High School
Bookkeeper
Arrested for
\$142,900 Fraud
(Florida)**

In a previous [Semiannual Report](#), we highlighted our case involving a former public high school bookkeeper who was indicted on 17 counts of fraud. During this reporting period, the former bookkeeper self-surrendered to the U.S. Marshals. Between 2021 and 2023, the bookkeeper allegedly stole checks totaling more than \$142,900 from school accounts, endorsed the checks, and deposited the funds into her personal bank accounts.

**Former Savannah
R-III School
District Employee
Pled Guilty to
\$113,000 Fraud
(Missouri)**

A former employee who later became a contractor with the Savannah R-III School District pled guilty to fraud charges. The former employee used his position and access to the District's checks and signature stamps to write himself checks totaling \$63,000 that he deposited into his own bank accounts. He also accessed a District's bank account from which he directed more than \$29,000 to accounts under his personal control that he used to pay off his credit cards and those of his wife, Kansas City Chiefs tickets and travel. Further, the former employee, through a tax preparation and bookkeeping service he operated, willfully withheld more than \$21,000 from his employees' salaries intended for retirement funds and unlawfully used the funds for personal and business-related expenses.

**Actions Taken
Against
Businessmen
for Bid Rigging,
Antitrust
Violations (Florida)**

Five businessmen pled guilty, one of whom was sentenced, for violating the Sherman Antitrust Act—a Federal statute that prohibits activities restricting interstate commerce and competition in the marketplace. Beginning in at least 2010 through 2022, the businessmen and others participated in a conspiracy to suppress and eliminate competition by agreeing to rig bids for commercial roofing contracts in the State of Florida, including for schools. The participant sentenced was ordered to



serve 120 days of home detention, 3 years of probation, and was ordered to pay \$20,000 in fines. [Read the Florida Antitrust Press Release.](#)

Founder of Now-Defunct Charter School Sentenced for Embezzling More than \$73,000 (New Hampshire)

The founder of the Capital City Public Charter School was sentenced to 2 years of probation and was ordered to pay more than \$40,000 in restitution, and an additional \$73,250+ to the Department for embezzling monies from the school. The founder oversaw the school's finances and day-to-day operations, including Federal charter school grant funds intended to be used solely for education-related expenses. In spring 2020, an external auditor detected irregularities with the school's finances. Specifically, the auditor determined that the founder had spent some of the grant funds on personal expenses, including gambling, dining, and travel, totaling more than \$73,000. The school closed after the 2019–2020 school year.

Investigative Outreach Efforts

During this reporting period, the OIG continued to conduct fraud awareness outreach activities. This included sharing the OIG's free brochures, fact sheets, flyers, and online trainings aimed at helping school officials and the general public identify and report K–12 and education-related disaster recovery fraud to the OIG. We also continued to promote our *Eye on ED* podcast episodes specific to K–12 and disaster recovery fraud. These [free materials and Eye on ED podcasts](#) are available via 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.



Pandemic Relief Aid Oversight

Three statutes were signed into law providing the Department with more than \$280 billion to assist States, K–12 schools, school districts, and IHEs 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, which included the 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) (December 2020); and the American Rescue Plan (ARP) (March 2021). Since 2020, the OIG has been conducting audits and reviews of programs, grants, requirements, and flexibilities established under these laws. This [pandemic-related work](#) is available on our website.

REPORTS

During this reporting period, we issued six reports specific to pandemic relief aid. A summary of those reports follows.

Emergency Assistance to Non-Public Schools Program

As effective application and oversight processes help ensure that Emergency Assistance to Non-Public Schools (EANS) funds were used to adequately address the needs of students, families, and educators in eligible nonpublic schools, we initiated a series of audits to determine whether selected SEAs designed and implemented (1) application processes that adequately assessed nonpublic schools' eligibility for EANS-funded services or assistance and complied with other applicable requirements and (2) oversight processes to ensure that EANS-funded services or assistance were used for allowable purposes. During this reporting period we issued the second report in this audit series involving the Tennessee Department of Education, which was awarded about \$146.5 million in EANS funds. Below you will find a summary of the report. Our [previous report involving the Florida Department of Education](#) can be found on our website.

Tennessee Department of Education

We found that the Tennessee Department of Education (Tennessee) designed and implemented application processes that adequately assessed nonpublic schools' eligibility for EANS-funded services or assistance and complied with other applicable requirements despite not having written procedures. However, we identified several weaknesses in Tennessee's oversight of its EANS programs that could be improved: (1) Tennessee did not ensure that CRRSA EANS expenditures always supported drawdowns of CRRSA EANS funds; (2) Tennessee had not fully implemented policies and procedures for maintaining a record of assets purchased with EANS funds; and (3) Tennessee did not obtain prior approval for certain EANS expenditures. If Tennessee does not obtain sufficient supporting documentation before withdrawing Federal funds, it may lead to inaccurate accounting of program expenditures, potentially resulting in challenges related to cash management and financial or performance reporting. Additionally, by not maintaining an inventory of assets purchased with EANS funds from the beginning of the grant period, Tennessee may not have maintained public control of those assets, resulting in an increased risk that some assets will not be

accounted for; not be used for purposes related to COVID-19 or other permitted Federal program activities; or be lost or unused. Finally, because Tennessee did not obtain prior written approval from the Department for equipment purchases that were over the \$5,000 threshold, Tennessee may have used EANS funds to purchase equipment that could have been unallowable. There is a risk that Federal funds could be used for capital expenditure purchases. We made four recommendations to address the weaknesses we identified in Tennessee's oversight of its EANS programs. Tennessee agreed with our recommendations and described actions it has implemented. In addition, Tennessee provided documentation to support corrective actions already taken. [Read the Tennessee EANS Report.](#)

Elementary and Secondary School Emergency Relief Fund Flash Reviews of LEAs

Elementary and Secondary School Emergency Relief (ESSER) funds were intended to provide support to States, LEAs, and schools to address the impact of the pandemic. As noted in our previous [Semiannual Report to Congress](#), we conducted a series of reviews to determine whether selected LEAs expended ESSER grant funds for allowable purposes in accordance with applicable requirements. Below you will find the results of the review completed during this reporting period. [Previous reports in this series](#) can be found on our website.

Alaska LEA

Yukon-Koyukuk School District

In our last [Semiannual Report](#), we highlighted the results of three of our four reviews of Alaska LEAs' use of ESSER funds. In October, we issued the fourth report involving the Yukon-Koyukuk School District (Yukon-Koyukuk). We determined that all the ESSER expenditures we reviewed for Yukon-Koyukuk were allowable and in accordance with applicable requirements. However, we found that Yukon-Koyukuk did not comply with key competitive procurement process or documentation requirements when procuring the goods or services associated with three (38 percent) of eight non-personnel expenditures, totaling \$24,386 (26 percent) of the \$92,527 in non-personnel expenditures we reviewed. For these expenditures, Yukon-Koyukuk used a competitive process but did not maintain documentation supporting its awarding of contracts to the selected vendors. Without documenting a competitive process, Yukon-Koyukuk (and by extension, taxpayers) might have paid more for the same goods and services, potentially resulting in misuse of Federal education funds when compared to other vendors. We made two recommendations to address the procurement issues we identified to ensure ESSER funds are used, documented, and managed in accordance with applicable requirements. The Alaska Department of Education and Early Development did not state whether it agreed or disagreed with our recommendations, but it described corrective actions to address the recommendations. [Read the Yukon-Koyukuk Report.](#)

Nevada LEAs

For the following three LEAs, we determined that all the ARP ESSER expenditures we reviewed were allowable and in accordance with applicable requirements, and they complied with key Federal procurement

requirements, including those covering the procurement methods to be followed and contract cost, price, and provisions, when procuring the goods or services associated with each ARP ESSER expenditure we reviewed. Because we identified no exceptions for the ARP ESSER expenditures that we reviewed, our reports did not include recommendations.

- Clark County School District (which was allocated approximately \$778 million in ARP ESSER funds to support 383 schools serving about 304,565 students.) [Read the Clark County Report.](#)
- Lincoln County School District (which was allocated approximately \$865,000 in ARP ESSER funds to support 11 schools serving about 958 students.) [Read the Lincoln County Report.](#)
- Nye County School District (which was allocated approximately \$10,199,345 in ARP ESSER funds to support 25 schools serving about 5,657 students.) [Read the Nye County Report.](#)

Douglas County School District

The fourth report involved the Douglas County School District, which was allocated approximately \$4.1 million in ARP ESSER funds to support 16 schools serving about 5,312 students. For the school district, we determined that of the 16 expenditures that we reviewed, 12 were allowable and in accordance with applicable requirements. Four expenditures totaling \$5,416 were unallowable because they were for advertising and public relations costs prohibited under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations part 200). Additionally, we found that the Douglas County School District complied with key Federal procurement requirements. We made one recommendation to address the unallowable expenditures that we identified to ensure ARP ESSER funds are used in accordance with applicable requirements. The Nevada Department of Education agreed with our finding and recommendation. [Read the Douglas County Report.](#)



INVESTIGATIONS AND OUTREACH

During this reporting period, action was taken in the following case involving a Department employee's fraud scheme involving pandemic aid.

Former Department of Education Employee Pled Guilty for Role in \$400,000 Fraud Scheme (Maryland)

A now-former Department employee, who was also the owner of a fitness company and logistics company, pled guilty to fraud and money laundering associated with a \$400,000 pandemic relief aid fraud scam. From April 2020 through 2022, the former employee and business owner along with her conspirators submitted fraudulent Payment Protection Program (PPP) loans on behalf of those companies and used the funds received for non-business purposes, including luxury vehicles, residential properties, cryptocurrency, jewelry, and private jet travel. The former staffer and business owner and conspirators then submitted forms loaded with phony information to get those PPP loans forgiven.

Investigations with the Pandemic Response Accountability Committee Fraud Task Force

The OIG is a statutory member of the Pandemic Response Accountability Committee (PRAC), with staff serving on PRAC subcommittees and task forces, including the PRAC's Fraud Task Force. During this reporting period, the following actions were taken as a result of the Fraud Task Force. The OIG worked with or assisted in these investigations.

Orange County Supervisor Pled Guilty to Bribery Conspiracy Involving \$10 Million in Pandemic Relief Funds (California)

The now-former District One Supervisor on the Orange County Board of Supervisors pled guilty to charges related to bribery and conspiracy. The former lawmaker used his position and vote on the Board to provide more than \$10 million in pandemic relief aid to a charity affiliated with one of his daughters. In exchange for that support, the charity diverted some \$3.8 million that ultimately reached the lawmaker, including more than \$550,000 in bribes, a million-dollar home for his daughter, and money the former lawmaker used to pay taxes on his properties and credit card bills. [Read the California Press Release.](#)

Former Prison Inmate Pled Guilty to \$498,000 Pandemic-Related Fraud (New York)

In our last [Semiannual Report to Congress](#), we highlighted the arrest of a man for fraudulently obtaining some \$498,000 from the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) Program. During this reporting period, the man pled guilty. The investigation found that the man applied for an EIDL as a sole proprietor of a property management and realty business, completing forms containing materially false representations about his criminal history and gross revenues, including reporting to have \$675,000 in gross revenue from his sole proprietorship even though he was in prison for a previous felony at the time he claimed to have made the money, and he previously reported \$21,000 in earnings during 2019 when applying for unemployment benefits. The man did not use the proceeds of the SBA loan for its intended purpose; instead, he used the

proceeds for personal expenses, including purchases on Amazon, eBay, and purchases from gold and jewelry companies and pawn shops.

**One Person
Sentenced,
Another Pled
Guilty to Fraud
and Identity Theft
Charges Involving
\$150,000 in
Pandemic Relief
Aid (Florida)**

In our last [Semiannual Report to Congress](#), we highlighted an investigation involving a former official with an IHE in Florida and a co-conspirator who were indicted for their roles in a fraud scam involving more than \$150,000 in pandemic-related emergency rental assistance funds. During this reporting period, the co-conspirator pled guilty and the former school official was sentenced to prison for their roles in the scam. The former school official used her position and access to the school's financial aid data and internal management systems to obtain the PII of people which the two used to fraudulently apply for and receive emergency rental assistance in the names of those unwitting people. The two had the aid checks delivered to addresses they controlled and deposited the checks into bank accounts within their control. The former school official was sentenced to serve 30 months in prison and was ordered to pay more than \$42,800 in restitution.

OTHER PRAC ACTIVITIES

During this reporting period, the PRAC issued its [Semiannual Report to Congress](#), as well as two additional reports in its series examining the experiences of local program administrators, government officials, and other community members during the pandemic. These reports focused on (1) Marion County, Georgia, which included a look at the Marion County School System's use of ESSER funds, and (2) the White Earth Nation Reservation in Minnesota, which also looked at the school system's use of ESSER funds. OIG staff assisted in developing these reports, which are available on the [PRAC website](#). The PRAC also issued another chapter in its Blueprint for Enhanced Program Integrity series—best practices based on lessons learned from the pandemic to help program administrators develop and implement programs with strong internal controls. This chapter focused on fraud prevention and detection, and highlights key reports, guidance, and recommendations issued by Federal and State oversight organizations that provide leading practices for how to better design and implement emergency programs to prevent and detect fraud in government benefit programs. Read the Blueprint Chapters issued to date on the [PRAC website](#).



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.

REPORTS

During this reporting period, the OIG issued six reports specific to Department management and operations. Summaries of those reports follow.

FY 2024 Financial Statement Audits (Statutory)

During this reporting period, Independent Auditors' Reports were issued covering the statutory audits of the Department's and FSA's FY 2024 financial statements, as required by the Chief Financial Officers Act of 1990, and the HEA, respectively, which among other purposes, seek 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 statutes require an annual audit of the agency and the FSA financial statements, which are intended to help improve an agency's financial management and controls over financial reporting. A summary of the FY 2024 financial statements audits follows.

Department of Education

For the third straight year, the auditors issued a disclaimer of opinion on the Department's FY 2024 consolidated financial statement. The auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion because of errors identified in the underlying data used to calculate the subsidy re-estimates for the Department's direct loan and loan guaranty programs. In addition, the auditors identified one material weakness involving the relevance and reliability of underlying data used in credit reform estimates and two significant deficiencies in internal control over financial reporting (information technology controls and entity-level controls). The auditors also reported two instances of noncompliance, as management (1) did not consistently identify and document financial statement level risks and controls that are responsive to those risks; and (2) was unable to provide evidence to support that the cash flow projections used in the subsidy re-estimates are based on relevant and reliable data. The auditors made 19 recommendations to address the issues identified. The Department concurred with the findings and agreed to take action to address the recommendations. [Read the Department Report.](#)

Federal Student Aid

For the third straight year, the auditors issued a disclaimer of opinion on the FY 2024 consolidated financial statement of FSA, as they were not



able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion because of errors identified in the underlying data used to calculate the subsidy re-estimates for the Department's direct loan and loan guaranty programs. The auditors identified one material weakness involving controls over the relevance and reliability of underlying data used in credit reform estimates and two significant deficiencies in internal control over financial reporting (IT controls and entity-level controls). The auditors made 17 recommendations to address the issues identified. The Department concurred with the findings and agreed to take action to address the recommendations. [Read the FSA Report.](#)

The Department's Administration of the Reasonable Accommodation Program

The objective of our inspection was to review the Department's administration of its reasonable accommodation program. This included determining whether reasonable accommodation requests were processed timely and in accordance with applicable policies and procedures. We found that improvements were needed, as the Department did not always process employee reasonable accommodation requests in accordance with relevant policies and procedures, nor did it maintain adequate documentation to show that it complied with these policies and procedures, including those related to processing timeframes. In addition, we found that the Department (1) did not adequately process applicants' reasonable accommodation requests to ensure that accommodations were only provided to applicants with qualifying disabilities, and (2) did not have adequate processes to track and report on reasonable accommodation requests. We also noted issues with the quality of the data included in spreadsheets used by the Department to track and report on reasonable accommodation requests. Failure to follow policies and procedures, along with unclear or inadequate guidance, increases the Department's risk of inconsistent treatment of reasonable accommodation requests, increases processing times, and increases complaints and litigation over perceived unfairness and not following laws and regulations. Further, without properly reviewing applicant requests for reasonable accommodation, the Department may unknowingly grant applicants accommodations for reasons unrelated to a qualifying disability, providing an unfair advantage over others. We made 13 recommendations to help the Department improve its processing, tracking, and reporting of reasonable accommodation requests and improve the overall administration of the reasonable accommodation program. The Department stated that they would develop a corrective action plan to address our recommendations. [Read the Reasonable Accommodations Report.](#)

Department's Compliance with the Geospatial Data Act (Statutory)

This audit's objective was to review the Department's compliance with the requirements outlined under section 759(a) of the Geospatial Data Act. Specifically, we sought to determine whether the Department implemented the 13 covered agency responsibilities listed in section 759(a). We found that the Department implemented 12 of the 13 covered agency responsibilities; however, we could not evaluate compliance

with one covered agency responsibility as the Federal Geographic Data Committee and the Office of Management and Budget have not yet defined the applicable data standards related to this responsibility. Further, although the Department has continued to meet the requirements of the Geospatial Data Act thus far, we noted concerns regarding the allocation of resources that could negatively impact the Department's ability to remain compliant going forward. We made three recommendations related to the Department's continued compliance with the Geospatial Data Act. These included ensuring that the Department continues to implement the covered agency responsibilities listed under section 759(a) of the Geospatial Data Act, ensuring that the Department implements section 759(a)(6) once applicable guidance becomes available, and assessing whether the Department has allocated sufficient resources to support the continued compliance with the Geospatial Data Act. The Department agreed with two of our recommendations and partially agreed with one. The Department also proposed corrective actions that, if implemented as described, are responsive to our recommendations. [Read the Geospatial Report.](#)

Attestation of the Department of Education's Detailed Accounting of 2024 Drug Control Funds (Statutory)

The purpose of our review was to authenticate the Department's accounting of FY 2024 drug control funds by expressing a conclusion about the reliability of each assertion made in the Department's accounting report. Based upon our review, nothing came to our attention that caused us to believe that management's assertions contained in the Department's detailed accounting report are not fairly stated in all material respects. [Read the Attestation Report.](#)

The 2024 Department of Education's Budget Formulation Compliance Report for Fiscal Year 2026 Budget Request (Statutory)

The purpose of our attestation report was to authenticate the Department's 2024 budget formulation compliance report by expressing a conclusion about the reliability of the assertion made in the Department's report. Based upon our review, nothing came to our attention that caused us to believe that management's assertion is not fairly stated in all material respects. [Read the Budget Formulation Report.](#)



Non-Federal Audit Oversight Activities

The Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424) 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 (OMB) “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” requires entities—such as State and local governments, universities, and nonprofit organizations—spending \$750,000 or more in Federal funds in 1 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 issued by the OIG. 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 Council of the Inspectors General on Integrity and Efficiency (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 requires correction for the audit under review.

During this reporting period, we completed 26 desk reviews. Of these, three reporting packages (12 percent) contained quality deficiencies that affected the reliability of the audits and required correction. In 20 reporting packages (77 percent), we identified quality deficiencies that were brought to the attention of the auditees and auditors for corrective action in future engagements. We found no quality deficiencies in the remaining three reporting packages (12 percent).

We also completed six quality control reviews. For five of these reviewed audits (83 percent), we found quality deficiencies that impacted the reliability of the audit results and required corrective action. In one reviewed audit (17 percent), we identified quality deficiencies that we communicated to the auditor for corrective action in future engagements.

When we identify significant quality deficiencies or repeated poor performance by non-Federal auditors, we refer them to the American Institute of Certified Public Accountants (AICPA) and their respective State boards of accountancy for possible disciplinary action. During this period, we received notification from the AICPA regarding disciplinary action taken against an auditor because of a previous referral. The auditor was required to complete additional continuing professional education, undergo enhanced monitoring, and temporarily refrain from certain activities associated with the AICPA and State societies until completion of the remedial actions.

Technical Assistance

The OIG's Non-Federal Audit Team is committed to improving the quality of non-Federal audits through technical assistance and outreach efforts targeting independent certified public accounting firms or State audit organizations, auditees, and Department program officials. Technical assistance includes providing guidance on applicable standards, audit requirements, and other relevant criteria and systems associated with non-Federal audits.

During this reporting period, we presented audit update sessions at 2 conferences, reaching more than 3,000 financial aid professionals, leaders in postsecondary career education, and auditors from institutions of higher education. Additionally, at a separate conference for executive directors and legal counsel of State boards of accountancy, we delivered presentations on our non-Federal audit oversight activities, including the process of referring substandard work by certified public accountants to State boards for disciplinary action.

The 2024 Summary of the U.S. Department of Education Office of Inspector General's Non-Federal Audit Oversight Activities

In March, we issued a report to provide non-Federal audit stakeholders with information on the OIG's non-Federal audit oversight activities in calendar year 2024. We examined the results of the 41 desk reviews and 17 QCRs we issued throughout the year (and highlighted in our Semiannual Reports) and 6 enforcement actions taken by the OIG based on the results of the QCRs performed. We found that 78 percent of the non-Federal audits and reporting packages we reviewed had some level of quality deficiencies in how the engagement was planned, performed, or reported on. Nearly half of the quality deficiencies we identified were in the reporting phase of the non-Federal audit engagement, while the remaining deficiencies involved the planning and performance phases. Specific deficiencies that were identified by our reviews most often included inaccurate or incomplete reporting of Federal award expenditure information by the audited entities, problems with the auditor's decisions about which compliance requirements to test and their use of sampling, insufficient testing of internal controls and compliance, and lack of sufficient details in reported findings.

When the quality deficiencies affected the reliability of the audit results, we required corrective actions for the non-Federal audit or reporting package reviewed. In 2024, we recommended that the Department reject three non-Federal audits due to their significant inadequacies. In these instances, the Department determined that the audits would be rejected and would require a new acceptable audit to be submitted. We also referred the non-Federal auditors who performed those three original engagements for disciplinary actions. [Read the Non-Federal Audit Oversight Activities 2024 Report.](#)

Additional Statutory Activities *and* Reports, Annual Reports *and* Other Efforts

During this reporting period, the OIG issued other statutory reports, annual reports, and continued to produce and conduct fraud awareness materials and efforts aimed at helping State and school officials, students, and the general public to understand, identify, and report fraud to the OIG, and information on education-related fraud schemes and scams and how the public can protect themselves against them. Summaries of these efforts follow.

FY 2025 Management Challenges Report (Statutory)

In November, the OIG issued its FY 2025 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 2025, the OIG identified four management challenges the Department faces: (1) oversight and monitoring of student financial assistance programs; (2) oversight and monitoring of grantees; (3) data quality and reporting; and (4) information technology security. [Read the FY 2025 Management Challenges Report.](#)

FYs 2025–2026 Annual Plan (Annual)

In December, the OIG issued its FYs 2025–2026 Annual Plan, which identifies audits, inspections, and other activities that the OIG intends to undertake to fulfill its responsibilities to America’s taxpayers and students. The Annual Plan details the assignment areas and resources the OIG intends to devote to evaluating the efficiency, effectiveness, and integrity of Department programs and operations. The Plan aligns the OIG’s work and resources to achieve our mission, meets the goals of our Strategic Plan; and focuses attention across the areas identified as challenges per the OIG’s FY 2025 Management Challenges report. The assignments presented in the Plan involve 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. [Read the FYs 2025–2026 Annual Plan.](#)

FY 2024 Small Business Innovation Research Report (Statutory)

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 participating 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 2024, the OIG received no allegations of possible fraud, waste, or abuse involving the Small Business Innovation Research program. [Read the FY 2024 SBIR Report.](#)

FY 2024 Performance Results Report (Results Statutory)

In December, the OIG issued its FY 2024 Performance Results Report, in accordance with Government Performance Modernization Act of 2010. The report presents the results of our work throughout FY 2024 in meeting our performance goals set forth in our organizational [Strategic Plan for FYs 2023–2028](#). As highlighted in the FY 2024 Performance Results Report, the OIG not only successfully met but exceeded its targeted measurements for 20 of its 22 performance goals. The Report presents those results and highlights actions the OIG took throughout the fiscal year that enabled it to achieve those results. The Report also presents the OIG’s performance measures for FY 2025. [Read the FY 2024 Performance Results Report.](#)

New Products for the Public

Over the last six months, the OIG issued a number of products aimed at helping the public identify, avoid, and report fraud to the OIG. Summaries of and links to these products follows.

FraudGram Newsletter

In February, the OIG issued its third [FraudGram newsletter](#), designed to educate and alert the public to education-related schemes and scams, as well as provide information on free resources to identify fraud, and the importance of reporting fraud to the OIG. This issue also included a special section on student aid fraud rings—what they are, how they operate, and how the public can protect themselves against them.

New Materials

The OIG issued a number of new materials during this reporting period. These included information sheets, flyers, and posters for States, school districts, schools, school officials, teachers, volunteers and parents on identifying and reporting K–12 fraud and public corruption to the OIG; information for student aid administrators on identifying and reporting student aid fraud to the OIG; and for law enforcement entities at all levels of government. All of these [informational materials](#) are available on the OIG website.

Interview

During this reporting period, OIG Assistant Inspector General for Investigation Services Jason Williams was a featured guest on Gray TV’s [Watching Your Wallet series](#), providing information on student aid fraud rings—what they are, how they operate, how to stop them, and tips on what people can do if they feel they have fallen victim to a fraud ring. The feature ran in more than 100 media markets.

PARTICIPATION ON COMMITTEES, WORK GROUPS, AND TASK FORCES

Council of the Inspector General on Integrity and Efficiency (CIGIE)/Inspector General Community

OIG staff continue to play an active role in CIGIE efforts. OIG staff currently serve on the following CIGIE committees, subcommittees, and work groups:

- Deputy Inspector General Working Group
- 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/OMB Reform Working Group
- Federal Hotline Working Group
- Human Resources Directors' Roundtable
- Enterprise Risk Management Working Group
- Internal Affairs Working Group
- OIG Communitywide Quality Assurance Working Group
- CIGIE Accessibility Working Group
- CIGIE Professional Development Committee Coaching Subcommittee
- CIGIE Training Courses
 - » OIG staff lead or facilitate CIGIE training courses, including the following:
 - Introduction to Auditing
 - IG Criminal Investigator Academy (as needed)
 - Inspector General Investigator Training Program
 - Essentials of Inspector General Investigations
 - Contract Fraud
 - FranklinCovey Leadership Courses
 - 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
 - Undercover Investigations Training Program
 - Adjunct Instructor Training Program

Law Enforcement-Focused

- Federal Bureau of Investigation 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., Boston, Massachusetts, and Dallas, Texas.
- Grant Fraud Working Group. The OIG is a member of this working group, composed of OIGs and other governmental agencies, that meets quarterly to discuss challenges, opportunities, and best practices involving grant fraud investigations.
- 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.
- Pandemic/COVID-19 Federal-State Fraud Task Forces. OIG criminal investigators continued to work with their Federal and State investigative and prosecutive partners to address pandemic relief aid fraud.
- Puerto Rico Anti-Public Corruption Task Force. The OIG is a member of 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.
- Whistleblower Protection Coordinator Group. The OIG's designated Whistleblower Protection Coordinator (WPC) and OIG attorneys participate in a governmentwide group of WPCs to stay abreast of legislation affecting internal and external whistleblowers.

Other Governmentwide Groups

- 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 governmentwide financial management and financial statement audit issues through coordination with the GAO, the Department of the Treasury, and OMB. It also provides technical assistance on audit standards, policies, legislation, and guidance, and plans the CIGIE/GAO Annual Financial Statement Audit Conference.
- 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 Groups

- 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.

Required Reporting

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

ACRONYMS AND ABBREVIATIONS USED IN THE REQUIRED TABLES

| Acronym | Definition |
|------------|--|
| Department | U.S. Department of Education |
| FSA | Federal Student Aid |
| IG Act | Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424) |
| OCIO | Office of the Chief Information Officer |
| ODS | Office of the Deputy Secretary |
| OESE | Office of Elementary and Secondary Education |
| OFO | Office of Finance and Operations |
| OIG | Office of Inspector General |
| OPEPD | Office of of Planning, Evaluation and Policy Development |
| OSERS | Office of Special Education and Rehabilitative Services |
| Recs | Recommendations |
| RMSD | Risk Management Services Division |
| SAR | Semiannual Report to Congress |

DEFINITIONS

| Term | Definition |
|---------------------|--|
| 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. |
| Audit Reports | Audit reports provide objective analysis, findings, and conclusions to assist management and those charged with governance with improving program performance and operations, reducing costs, facilitating decision-making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability. |
| Flash Reports | Flash reports are used to rapidly share value-added information related to Department programs or operations that focus on user needs while maintaining overall quality. |
| Inspection Reports | Inspection reports provide information or communicate a need for action related to the Department's programs or operations. They have targeted objectives to systemically and independently assess the design, implementation, and results of operations, programs, or policies. |
| Better Use of Funds | As defined by the Inspector General Act of 1978, as restated (5 U.S.C. sections 401-424) , better use of funds is the monetary amount for a recommendation made by the OIG that could result in funds being used more efficiently if management took actions to implement and complete the recommendation. |
| Questioned Costs | As defined by the Inspector General Act of 1978, as restated (5 U.S.C. section 405) , questioned costs are identified during an audit, inspection, or flash review 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 Inspector General Act of 1978, as restated (5 U.S.C. section 405) , unsupported costs are costs that, at the time of the audit, inspection, or flash review, 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](#) (5 U.S.C. Section 552), and to the extent practical, 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 TABLES

The following pages present summary tables and tables containing statistical and other data as required, including under the [Inspector General Act of 1978, as restated \(5 U.S.C. §§ 401–424\)](#), and other statutes and orders.

| Section and Statute or Order | Requirement | Table Number | Page Number |
|--------------------------------|--|-------------------|-------------|
| - | Statistical Summary of Audit-Related Accomplishments | 1 | 36 |
| - | Statistical Summary of Investigation-Related Accomplishments | 2 | 37 |
| Section 405(b) (1)(1) | Significant Problems, Abuses, and Deficiencies Related to the Administration of Programs and Operations | Nothing to Report | |
| Section 405(b) (3)) | Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed, Including Potential Cost Savings Associated with the Recommendations | 5 | 43 |
| Section 405(b) (4) | Total Number of Convictions During the Reporting Period Resulting from Investigations (October 1, 2023, through March 31, 2023) | 2 | 37 |
| Section 405(b) (6), (8) & (9)) | Audit and Other Reports Issued During the Reporting Period Including Questioned Costs, Better Use of Funds, and Whether a Management Decision Had Been Made by the End of the Reporting Period (October 1, 2022, through March 31, 2023) | 3 | 39 |
| Section 405(b) (8) & (9) | Management Decisions on Audit or Other Reports and Products Issued Prior to the Reporting Period (Prior to October 1, 2022) | 4 | 42 |
| Section 405(b) (13) | Unmet Intermediate Target Dates Established by the Department Under the Federal Financial Management Improvement Act of 1996 | Nothing to Report | |
| Section 405(b) (14) | Peer Review Results - Reviews of OIG Operations Completed During the Reporting Period | 6 | 45 |
| Section 405(b) (15) | Peer Review Results - Recommendations from Previously Issued Peer Reviews that the OIG Has Not Yet Implemented | Nothing to Report | |
| Section 405(b) (16) | Peer Review Results - Reviews of other Offices of Inspector General Completed by the OIG During the Reporting Period | 7 | 45 |
| Section 405(b) (17) | 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 | 37 |



| Section and Statute or Order | Requirement | Table Number | Page Number |
|---|--|---------------------|-------------|
| Section 405(b) (18) | Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables | 2 | 37 |
| Section 5(b) of P.L. 117-286 | Summary of Significant Investigations Closed During the Reporting Period (October 1, 2023, through March 31, 2024) | 8 | 46 |
| Section 405(b) (19) | Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) Where the Allegations of Misconduct were Substantiated | 9 | 46 |
| Section 405(b) (20) | Description of Instances of Whistleblower Retaliation | Nothing to Report | |
| Section 405(b) (21) | Description of Attempt by Agency to Interfere with OIG Independence | Nothing to Report | |
| Section 405(b) (22) | Description of Audits, Inspections, Other Reports and Investigations Closed but Not Disclosed to the Public | Nothing to Report | |
| Section 122(e) Trafficking Victims Protection Act | Report the number of suspected violations of the law reported, number of investigations, outcomes of those investigations, and recommended actions to improve programs and operations related thereto. | 0/Nothing to Report | |

Table 1. Statistical Summary of Audit and Other Report Accomplishments

| Accomplishment | October 1, 2024–March 31, 2025 |
|--|--------------------------------|
| Audit Reports Issued | 6 |
| Inspection Reports Issued | 4 |
| Other Products Issued | 8 |
| Questioned Costs (including Unsupported Costs) | \$128,416 |
| Value of Recommendations for Better Use of Funds | \$0 |



Table 2. Statistical Summary of Investigative Accomplishments

| Accomplishment | Description of the Metric | SAR 90 |
|---|---|-----------------------|
| 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. | 15 |
| Investigative Cases Closed | Number of investigations that were closed during the reporting period. | 25 |
| Cases Active at the End of the Reporting Period | Number of investigations not closed prior to the end of the reporting period. | 135 |
| Investigative Reports Issued | Number of Reports of Investigation, Management Information Reports, Flash Reports, or Urgent Fraud Alerts issued during the reporting period. | 24 |
| 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. | 0 Civil 1 Criminal |
| 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 Civil 5 Criminal |
| Indictments and Criminal Informations that Result from Prior Referrals to Prosecuting Authorities | Number of individuals indicted or for whom a criminal information was filed during the reporting period. | 18 |
| Convictions/Pleas | Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period. | 25 |
| Fines Ordered | Sum of all fines ordered during the reporting period. | \$145,987 |
| Restitution Payments Ordered | Sum of all restitution ordered during the reporting period. | \$4,280,095 |
| Civil Settlements/Judgments (number) | Number of civil settlements completed or judgments ordered during the reporting period. | 0 |
| Civil Settlements/Judgments (amount) | Sum of all completed settlements or judgments ordered during the reporting period. | 0 |
| Recoveries | Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period. | \$32,797 |
| Forfeitures/Seizures | Sum of all forfeitures/seizures ordered during the reporting period. | \$291,854 |

| Accomplishment | Description of the Metric | SAR 90 |
|--|--|--------|
| 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. | \$0 |
| Suspensions and Debarment Referred to Department | Number of referrals made to the Department for consideration of suspension and debarment. | 10 |



Table 3: Audit and Other Reports Issued on Department Programs and Activities Including Questioned Costs, Better Use of Funds, and Whether a Management Decision Had Been Made by the End of the Reporting Period

Table includes Department office with responsibility for the report, questioned costs, unsupported costs, better use of funds, and resolution status 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, Date Issued, and Status | Questioned Costs | Unsupported Costs | BUF | Number of Recs |
|--------|--------------------------------------|---|------------------|-------------------|-----|----------------|
| FSA | Audit A23NY0143 | Federal Student Aid's Oversight of Contractor's Acceptability Review Process for Proprietary Institution Annual Audits Issued: December 16, 2024 Status: Unresolved | \$0 | \$0 | \$0 | 5 |
| FSA | Inspection I24GA0163 | U.S. Department of Education's Assessment and Recoupment of Liabilities from Closed Institutions of Higher Education Issued: January 28, 2025 Status: Unresolved | \$0 | \$0 | \$0 | 6 |
| FSA | Inspection I24DC0166 | FSA's Oversight of Section 117 Reporting Requirements Issued: February 12, 2025 Status: Unresolved | \$0 | \$0 | \$0 | 6 |
| FSA | Inspection I24DC0194 | FAFSA Simplification Act and Student Loan Forgiveness Initiatives Accounting Issued: February 27, 2025 Status: Unresolved | \$0 | \$0 | \$0 | 3 |
| FSA | Audit A24FS0167 | Final Independent Auditors' Report of Federal Student Aid's Financial Statements for Fiscal Year 2024 Issued: November 14, 2024 Status: Resolved | \$0 | \$0 | \$0 | 17 |
| OFO | Audit A24FS0168 | Final Independent Auditors' Report of the U.S. Department of Education's Financial Statements for Fiscal Year 2024 Issued: November 14, 2024 Status: Resolved | \$0 | \$0 | \$0 | 19 |

| Office | Report Type and Number | Report Title, Date Issued, and Status | Questioned Costs | Unsupported Costs | BUF | Number of Recs |
|--------|--|---|------------------|-------------------|-----|----------------|
| OFO | Other B25DC0229 | OIG's Independent Report on the U.S. Department of Education's Detailed Accounting of Fiscal Year 2024 Drug Control Funds Issued: February 12, 2025 Status: Closed | \$0 | \$0 | \$0 | 0 |
| OFO | Other B25DC0229A | OIG's Independent Report on the U.S. Department of Education's Calendar Year 2024 Department of Education's Budget Formulation Compliance Report for Fiscal Year 2026 Budget Request Issued: February 12, 2025 Status: Closed | \$0 | \$0 | \$0 | 0 |
| ODS | Inspection I24DC0165 | The Department's Administration of the Reasonable Accommodation Program Issued: March 10, 2025 Status: Unresolved | \$0 | \$0 | \$0 | 13 |
| IES | Audit A24DC0187 | The Department's Compliance with the Geospatial Data Act Issued: October 4, 2024 Status: Resolved | \$0 | \$0 | \$0 | 3 |
| OESE | Flash F24NY0182 | Yukon-Koyukuk School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: October 30, 2024 Status: Open | \$0 | \$0 | \$0 | 2 |
| OESE | Audit A23NY0148 | Tennessee Department of Education's Administration and Oversight of Emergency Assistance to Nonpublic Schools Grant Funds Issued: November 19, 2024 Status: Open | \$123,000 | \$0 | \$0 | 4 |

| Office | Report Type and Number | Report Title, Date Issued, and Status | Questioned Costs | Unsupported Costs | BUF | Number of Recs |
|--------------|---------------------------------|---|------------------|-------------------|------------|----------------|
| OESE | Audit A24IL0156 | Office of Elementary and Secondary Education's Processes for Awarding School-Based Mental Health Services Grant Program Grants and Monitoring Grantee Performance Issued: March 31, 2025 Status: Unresolved | \$0 | \$0 | \$0 | 7 |
| OESE | Flash F24NY0204 | Lincoln County School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: March 31, 2025 Status: Closed | \$0 | \$0 | \$0 | 0 |
| OESE | Flash F24NY0205 | Douglas County School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: March 31, 2025 Status: Open | \$5,416 | \$0 | \$0 | 1 |
| OESE | Flash F24NY0206 | Nye County School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: March 31, 2025 Status: Closed | \$0 | \$0 | \$0 | 0 |
| OESE | Flash A24NY0207 | Clark County School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: March 31, 2025 Status: Closed | \$0 | \$0 | \$0 | 0 |
| NA | Flash F25NF0228 | 2024 Summary of the U.S. Department of Education Office of Inspector General's Non-Federal Audit Oversight Activities Issued: March 27, 2025 Status: Closed | \$0 | \$0 | \$0 | 0 |
| Total | 18 | - | \$128,416 | \$0 | \$0 | 86 |

Table 4. Audit and Other Reports Described in Previous Semiannual Reports and Resolved During the Reporting Period

Table includes the Department office responsible for the report, number of recommendations, and the value of the potential cost savings.

| Office | Report Type and Number | Report Title | Number of Recs | Value of Potential Cost Savings |
|--------------|--------------------------------------|--|----------------|---------------------------------|
| FSA | Audit A23GA0122 | FSA's Implementation of the FUTURE Act and FAFSA Simplification Act's Federal Taxpayer Information Provisions through the Student Aid and Borrower Reform Initiative | 6 | \$0 |
| FSA | Flash F23IT0138 | Federal Student Aid's Actions to Mitigate Risks Associated with the FSA ID Account Creation Process | 3 | \$0 |
| FSA | Inspection I05T0010 | Inspection of the Department's Activities Surrounding the Sale of Postsecondary Schools to Dream Center Education Holdings | 5 | \$0 |
| FSA | Inspection I23NY0150 | Federal Student Aid's Performance Measures and Indicators for Returning Borrowers to Repayment | 3 | \$0 |
| OCIO | Audit A24IT0153 | The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report for Fiscal Year 2024 | 10 | \$0 |
| OESE | Audit A02T0001 | Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program | 10 | \$12,366,942 |
| OSERS | Audit A23CA0140 | Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program | 2 | \$0 |
| Total | 7 | - | 39 | \$12,366,942 |

Table 5. Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed, Including Potential Cost Savings Associated with the Recommendations

Table includes the Department office responsible for the report, link to the report, number of open recommendations, and the value of the potential cost savings. The Department commented on all reports within 60 days of issuance.

| Office | Report Type and Number | Report Title | Number of Recs | Value of Potential Cost Savings |
|--------|--------------------------------------|--|----------------|---------------------------------|
| FSA | Audit A19R0003 | Federal Student Aid's Contractor Personnel Security Clearance Process | 1 | \$0 |
| FSA | Inspection I06S0001 | Federal Student Aid Controls Over the School Verification Process | 2 | \$0 |
| FSA | Inspection I05T0010 | Inspection of the Department's Activities Surrounding the Sale of Postsecondary Schools to Dream Center Education Holdings | 1 | \$0 |
| FSA | Audit A20GA0035 | Federal Student Aid's Transition to the Next Generation Loan Servicing Environment | 1 | \$0 |
| FSA | Inspection I22NY0092 | FSA's Outreach to Individuals in Underserved Communities | 2 | \$0 |
| FSA | Audit A22DC0105 | FSA Transition Plans for Business Process Operations Vendors | 6 | \$0 |
| FSA | Flash F23IT0138 | Federal Student Aid's Actions to Mitigate Risks Associated with the FSA ID Account Creation Process | 2 | \$0 |
| FSA | Audit A23GA0122 | FSA's Implementation of the FUTURE Act and FAFSA Simplification Act's Federal Taxpayer Information Provisions through the Student Aid and Borrower Reform Initiative | 3 | \$0 |
| FSA | Inspection I23NY0150 | Federal Student Aid's Performance Measures and Indicators for Returning Borrowers to Repayment | 3 | \$0 |
| FSA | Audit A03I0006 | Special Allowance Payments to Sallie Mae's Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations | 3 | \$22,378,905 |
| FSA | Audit A20IL0005 | Bais HaMedrash and Mesivta of Baltimore's Use of Professional Judgment | 3 | \$236,235 |
| OCIO | Audit A11T0002 | The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2019 | 1 | \$0 |

| Office | Report Type and Number | Report Title | Number of Recs | Value of Potential Cost Savings |
|--------|--|---|----------------|---------------------------------|
| OCIO | Audit A11U0001 | The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2020 | 1 | \$0 |
| OCIO | Audit A23IT0118 | The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2023 | 2 | \$0 |
| OCIO | Inspection I23IT0111 | Examination of the U.S. Department of Education's Incident Response Coordination Efforts | 1 | \$0 |
| OCIO | Audit A24IT0153 | The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2024 | 7 | \$0 |
| OESE | Audit A05S0001 | 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 | 3 | \$0 |
| OESE | Flash F19GA0027 | Puerto Rico Department of Education's Unallowable Use of Temporary Emergency Impact Aid for Displaced Students Program Funds for Payroll Activities | 2 | \$0 |
| OESE | Audit A21IL0034 | Effectiveness of Charter School Programs in Increasing the Number of Charter Schools | 1 | \$0 |
| OESE | Inspection I23DC0112 | The Department's Approval of Alternate Assessment Waivers and Extensions | 1 | \$0 |
| OESE | Audit A02T0001 | Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program | 10 | \$12,366,942 |
| OESE | Audit A06T0001 | Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program | 5 | \$34,065 |
| OFO | Audit A24NY0157 | U.S. Department of Education's Compliance with Payment Integrity Information Reporting Requirements | 1 | \$0 |
| OFO | Inspection I23DC0144 | The Department's Compliance with Whistleblower Protections for Contractor and Grantee Employees | 2 | \$0 |
| OPEPD | Audit A09R0008 | Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints | 2 | \$0 |

| Office | Report Type and Number | Report Title | Number of Recs | Value of Potential Cost Savings |
|--------------|---------------------------------|--|----------------|---------------------------------|
| OSERS | Audit A23CA0140 | Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program | 2 | \$0 |
| RMSD | Audit A05D0017 | University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project | 4 | \$1,018,212 |
| Total | 27 | - | 72 | \$36,034,359 |

Table 6. Peer Review Results - Reviews of OIG Operations Completed During the Reporting Period

Summary of Peer Review

The OIG for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau issued the final report for the External Peer Review of our inspection function. The Peer Review found that our system of quality control in effect for the year ended September 30, 2024, has been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with the Blue Book. The OIG received a rating of pass. The Peer Review was issued on March 17, 2025, and is [available on our website](#).

Table 7. Peer Review Results - Reviews of other Offices of Inspector General Completed by the OIG During the Reporting Period

Summary of Peer Review

We issued a peer review of the system of internal safeguards and management procedures for the investigative operations of the Office Inspector General for the U.S. Department of Treasury for the three-year period ending May 31, 2024. Our Peer Review found that the OIG was in compliance with the quality standards established by CIGIE and other applicable guidance and statutes. These safeguards and procedures provide reasonable assurance of conforming with professional standards in the planning, execution, and reporting of its investigations and in the use of law enforcement powers. We issued the Peer Review on November 6, 2024.

**Table 8. Summaries of Significant Investigations Closed:
October 1, 2024, through March 31, 2025**

The following are significant OIG investigations that were closed during the reporting period.

The OIG defines significant as an investigation that involves one or more of the following: (1) at least \$1 million in Federal funds; (2) resulted in a prison sentence of at least 10 years; (3) involves a Department employee, contractor, or subcontractor or (4) involves public corruption involving a school official or employee, grantee, subgrantee, public official, or other person in a position of public trust.

| Case | Subject | Summary |
|---|-------------------|-----------------------------------|
| Former Magnolia School District Official Sentenced for Embezzling More Than \$16.4 Million (California) | K-12 Fraud | SAR 89 , page 29 |
| Former Universal Companies Officials Sentenced to Prison for Conspiracy to Defraud the Government of More Than \$461,000 (Pennsylvania) | K-12 Fraud | SAR 89 , page 30 |
| Former Financial Aid Director, Son, and Another Conspirator Sentenced in \$133,000 Fraud Scheme at Texas College (Texas) | Student Aid Fraud | This SAR , page 7 |
| Former Puerto Rico Department of Education Official and Contractor Sentenced for Roles in \$206,000 Fraud Scheme (Puerto Rico) | K-12 Fraud | SAR 89 , page 31 |

Table 9. Investigation Involving a Senior Government Employee where Allegations of Misconduct Were Substantiated.

The following is a summary of an investigation conducted by the OIG involving a senior government employee (GS-15 or above) where an allegation of misconduct was substantiated.

Summary of Case

The OIG investigated a former confidential assistant in the Office of the Secretary. In this position, the staffer was required to complete an OGE Form 278e. After resigning, the Department’s Office of General Counsel (OGC) suggested the employee was in violation of 5 C.F.R. section 2634.701 due to his willful failure to submit his combined annual/termination OGE Form 278e and in violation of 5 C.F.R. section 2634.704 for his failure to remit the \$200.00 late filing fee. OGC exhausted its efforts to garner compliance. The OIG reported the matter to the United States Attorney’s Office, Civil Division, District of Columbia (USAO). The USAO declined to pursue further action after the employee provided the information and paid the late filing fee.

FY 2025 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 2025.

- Oversight and monitoring of student financial assistance programs,
- Oversight and monitoring of grantees,
- Data quality and reporting, and
- Information technology security

Copies of our Management Challenges reports are available on our website oig.ed.gov.





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