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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 April 1, 2025, through September 30, 2025. The audits, investigations, and related work highlighted in this report are the result 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 assignments involving pandemic relief aid, Federal student aid programs and operations, K-12 education, and several of our annual statutory reviews.

In our audit-related work, we issued 13 reports that identified more than \$21 million in questioned and unsupported costs and offered recommendations for improving a number of the programs and operations reviewed. This included the following:

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.

- Our audit of the Wisconsin Department of Public Instruction's (Wisconsin) administration and oversight of Emergency Assistance to Nonpublic Schools (EANS) pandemic grant funds found that it allocated funds for services and assistance to nonpublic schools that did not meet program eligibility requirements and did not verify some information that nonpublic schools provided in their applications for EANS services and assistance. Wisconsin's improper

approval of ineligible nonpublic schools' applications resulted in it providing over \$20 million in EANS-funded services and assistance to 184 nonpublic schools. Further, because Wisconsin did not verify certain information in nonpublic schools' applications, it provided \$838,829 for EANS-funded services and assistance to one ineligible school and did not have assurance that all schools that were approved to participate in the programs had a nonprofit status.

- Our statutory fiscal year (FY) 2025 Federal Information Security Modernization Act (FISMA) review found that the Department's overall information security program and practices were effective. However, the auditors identified some areas that could be improved and made five recommendations to assist the Department with doing so.
- For FY 2024, our statutory review found that the Department complied with the reporting requirements of the Payment Integrity Information Act. However, we found that the Department could improve its processes for implementing its methodologies for estimating improper payments and unknown payments within the
- Federal Pell Grant and William D. Ford Federal Direct Loan programs and offered one recommendation for it to do so.

In our investigative work, we closed 58 investigations involving fraud or corruption and secured more than \$29 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 the following:

- Another of four former school officials previously indicted for their roles in a \$44.6 million charter school enrollment fraud scheme pled guilty. The four were alleged to have inflated the schools' enrollment numbers in order to receive more funding than they were entitled to receive, millions of which they directed to fraudulent for-profit companies they controlled and spent on luxury items such as cars, boats, and real estate. Two of the four have now pled guilty to their roles in the scheme.
- A Federal jury found the former chief operating officer of the Houston Independent School District (HISD) and a HISD contractor guilty of operating a 9-year, multimillion-dollar fraud scheme. This included the contractor overbilling HISD by some \$6 million. The former official exploited his position and pressured other school officials to direct lucrative HISD contracts to the contractor's companies in exchange for bribes and kickbacks—some of which he received in cash to pay off large gambling debts.
- Prosecutive actions were taken against the leaders and participants in

student aid fraud rings that targeted millions in Federal student aid, including the arrest of 2 people for allegedly running separate 10-year schemes in Michigan involving more than 1,200 people, 100 schools in 24 States, and more than \$12 million in Federal student aid. Additionally, a 5-year prison sentence was handed down for the leader of a North Carolina-based ring who recruited approximately 80 people to participate in the scam that targeted more than \$5 million in Federal student aid.

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 United States Code (U.S.C.) §§ 401–424), and other statutes.

We look forward to working with the 119th Congress, the Department, and the Administration to fulfill our statutory mission on behalf of America's taxpayers and students.

Mark E. Priebe
Acting Inspector General





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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 institutions of higher education (IHE) in meeting their needs and the needs of their students impacted by the coronavirus pandemic—the Coronavirus Aid, Relief, and Economic Security Act (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 conducted audits and reviews of programs, grants, requirements, and flexibilities established under these laws. This [pandemic relief-related work](#) is available on our website.

REPORTS

During this reporting period, we issued another in our series of reviews involving the Emergency Assistance to Nonpublic Schools (EANS) program, which was funded under both CRRSA and ARP. A summary of the report follows.

Emergency Assistance to Nonpublic Schools Program

As effective application and oversight processes help ensure that 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 State educational agencies (SEA) 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. In September, we issued the third report in this audit series involving the Wisconsin Department of Public Instruction, which was awarded about \$151.4 million in EANS funds. Below you will find a summary of the report. You will find our [previous reports in this series](#) (Florida Department of Education and Tennessee Department of Education) on our website.

Wisconsin Department of Public Instruction Administration of EANS Grant Funds

While Wisconsin's processes to assess nonpublic schools' eligibility for EANS-funded services and assistance ensured that funds were obligated within 6 months of receipt and that applications for the EANS programs were generally approved or denied timely in accordance with Federal regulations, we found that Wisconsin allocated ARP EANS funds for services and assistance to nonpublic schools that did not meet program eligibility requirements and did not verify some information that nonpublic schools provided in their applications for EANS services and assistance. Additionally, Wisconsin's oversight of its contractor's administration of EANS expenditures and inventory processes could be improved. Specifically, Wisconsin did not effectively monitor its contractor to ensure that expenditures were properly accounted for, supporting documentation was maintained, and assets purchased with EANS funds were tracked.

Further, Wisconsin's processes did not ensure that fees charged to the EANS funds were reasonable and appropriate. However, Wisconsin's oversight was adequate to ensure that EANS-funded services and assistance were for allowable purposes.

Wisconsin's improper approval of ineligible nonpublic schools' applications resulted in it providing over \$20 million in ARP EANS-funded services and assistance to 184 nonpublic schools. Further, because Wisconsin did not verify certain information in nonpublic schools' applications, it provided \$838,829 for EANS-funded services and assistance to one ineligible school and did not have assurance that all schools that were approved to participate in the programs had a nonprofit status. Wisconsin's lack of oversight of its contractor's administration of EANS funds resulted in an improper payment and unsupported expenditures. By not ensuring assets purchased with EANS funds are being tracked, there's an increased risk that some assets will not be used for purposes related to COVID-19 or other permitted Federal program activities; or be lost, or unused.

We made seven recommendations to address the issues we identified in Wisconsin's administration and oversight of its EANS programs, including that the Governor of Wisconsin return the more than \$20 million that was used for ARP EANS-funded services and assistance for ineligible nonpublic schools or take other remedial actions as appropriate, such as making accounting adjustments to other valid and allowable obligations incurred during the ARP EANS period of availability. Wisconsin disagreed with our findings and our recommendations. [Read the Wisconsin Report](#)

INVESTIGATIONS AND OUTREACH

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.

Former Prison Inmate Sentenced for \$498,000 Pandemic-Related Fraud (New York)

A man who had previously pled guilty for fraudulently obtaining some \$498,000 from the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) Program, was sentenced to serve 24 months in prison and was ordered to pay more than \$498,000 in restitution. The investigation found that the man applied for an EIDL as a sole proprietor of a property management/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 had 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.

**Second Person
Sentenced in
Fraud and Identity
Theft Scheme
Involving \$150,000
in Pandemic Relief
Aid (Florida)**

In our [last Semiannual Report to Congress](#), we highlighted actions taken against a former official with an IHE in Florida and a co-conspirator for their roles in a fraud scam involving more than \$150,000 in pandemic-related emergency rental assistance funds. The former school official was sentenced and the co-conspirator pled guilty. During this reporting period, the co-conspirator was sentenced to serve 30 months in prison and was ordered to pay more than \$42,800 in restitution. 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.

OTHER PRAC ACTIVITIES

During this reporting period, the PRAC issued its [Semiannual Report to Congress](#), as well as two additional chapters in its Blueprint for Enhanced Program Integrity series—a compendium of best practices based on lessons learned from the pandemic to help program administrators develop and implement programs with strong internal controls. These chapters focused on effective cross-cutting projects and the whole-of-government approach to oversight, highlighted key reports, guidance, and recommendations issued by Federal and State oversight organizations that provide leading practices aimed at effective oversight and the prevention and detection of fraud in government programs. Read the Blueprint Chapters issued to date here on the [PRAC website](#).



Federal Student Aid Programs and Operations

Federal student aid programs have long been a major focus of our audit and investigative work. These programs are inherently risky due to their complexity, the amount of funds involved, the number of program participants, and the characteristics of student populations. The Department disburses approximately \$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, the OIG issued five reports on Federal student aid programs. The reports covered both the Federal Student Aid (FSA) office and participants in Federal student aid programs. Summaries of those reports follow.

FSA's Plan for Soliciting and Incorporating Stakeholders' Feedback in the 2025–2026 FAFSA Process

FSA processes more than 17.6 million Free Application for Federal Student Aid (FAFSA) forms each year to help students pay for college and provides students with approximately \$120.8 billion in grant, work-study, and loan funds. The FAFSA Simplification Act of 2021 required FSA to overhaul its systems and processes to implement a streamlined 2024–2025 FAFSA process. FSA's launch of the 2024–2025 FAFSA was plagued by multiple system implementation issues that prevented students and families from successfully applying for financial aid within critical timeframes. As a result, FSA developed actions to improve the 2025–2026 FAFSA process and increase transparency and communication. The objective of our review was to describe FSA's plans to solicit, analyze, and incorporate feedback from students, families, IHEs, and other stakeholders for the completion, submission, and processing of the 2025–2026 FAFSA.

We found that although FSA did not have a formal plan with specific details about how it would solicit, analyze, and incorporate the feedback it received regarding the completion, submission, and processing of the 2025–2026 FAFSA, FSA and the Department established multiple channels of communication for receiving feedback. On November 14, 2024, FSA announced that since the start of beta testing on October 1, 2024, more than 14,000 students had successfully submitted their 2025–2026 FAFSAs and that the Department had successfully processed their applications, sending over 81,000 records to more than 1,850 schools and 43 States. Based on our finding, we recommended that FSA continue to solicit, analyze, and incorporate feedback regarding the completion, submission, and processing of the 2025–2026 FAFSA until FSA confirms that issues with the FAFSA process have been

resolved and to ensure that when the FAFSA process undergoes significant revisions in subsequent award years, FSA use the positive practices it implemented for soliciting and incorporating feedback in the 2025–2026 FAFSA process. FSA agreed with our recommendations. [Read the FSA Stakeholder Feedback Report](#)

Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys

During this reporting period, we issued four reports in our series of five reviews of the quality of data reported by selected schools through the Integrated Postsecondary Education Data System (IPEDS). Section 487(a)(17) of the Higher Education Act of 1965, as amended (HEA), requires postsecondary schools participating in Title IV programs to annually report data, including data relevant to students' cost of attendance and financial aid and the schools' graduation rates, to the Department's IPEDS to the satisfaction of the Secretary. IPEDS data are available to the public, including students, parents, and researchers, and can be used to analyze trends in postsecondary education. They also can help students attending postsecondary schools, prospective students, and their parents compare postsecondary schools and make informed school enrollment decisions. The objective of this inspection series was to determine whether selected schools reported verifiable data to IPEDS. Below are summaries of what we found at four of the five selected schools. We will share the findings from the last school in this inspection series in a future Semiannual Report.

Joliet Junior College

We found that Joliet Junior College (JJC) did not always report verifiable data to IPEDS for the 2021–2022 reporting period. The total amount of grant and scholarship aid that JJC students received for the 2021–2022 reporting period and the number of full-time undergraduate students who were enrolled in the fall of 2021 and seeking their first postsecondary certificate or degree that the school reported to IPEDS were not verifiable. In addition, the number of students who were full-time undergraduate students who began attending the school during academic year 2019–2020, were seeking their first postsecondary certificate or degree, and completed their program of study by the end of academic year 2021–2022 (150 percent of the normal time) that JJC reported to IPEDS were not verifiable. While not all reported financial aid and program completion data were verifiable, the average tuition and fees, books and supplies, room and board, and other expenses charged to full-time undergraduate students who were seeking their first certificate or degree that the school reported to IPEDS for the 2021–2022 reporting period were verifiable. JJC did not always report verifiable data to IPEDS because it did not

update and implement procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS.

Because the data that JJC reported to IPEDS were not always verifiable, its published net price and graduation rate for the 2021–2022 reporting period were unreliable. Prospective students and their parents might have made enrollment decisions based on this unreliable information. We made four recommendations to strengthen JJC’s policies and procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS. JJC described actions that it has already taken to address them in response to our report. [Read the JJC Report](#)

National College of Business & Technology Company, Inc., doing business as NUC University

We found that NUC University did not always report verifiable data to IPEDS for the 2020–2021 reporting period. The total amount of grant or scholarship aid that NUC University students received for the 2020–2021 reporting period and the number of full-time undergraduate students who were enrolled in the fall of 2020 and seeking their first postsecondary certificate or degree that the school reported to IPEDS were not verifiable. In addition, the number of students who were full-time undergraduate students who began attending the school during academic year 2015–2016, were seeking their first postsecondary certificate or degree, and completed their program of study by the end of academic year 2020–2021 (150 percent of the normal time) that NUC University reported to IPEDS were not verifiable. While not all reported data were verifiable, the average tuition and fees, books and supplies, room and board, and other expenses charged to full-time undergraduate students who were seeking their first certificate or degree that the school reported to IPEDS for the 2020–2021 reporting period were verifiable. NUC University did not always report verifiable data to IPEDS because it did not design and implement procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS.

Similar to our finding at JJC, because the data NUC University reported to IPEDS were not always verifiable, its published net price and graduation rate for the 2020–2021 reporting period were unreliable. Prospective students and their parents might have made enrollment decisions based on this unreliable information. We made five recommendations to strengthen NUC University’s policies and procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS. NUC University described actions that it has already taken to address them in response to our report. [Read the NUC Report](#)

Spring Hill College

We determined that Spring Hill College reported verifiable data to the Department's IPEDS for the 2021–2022 reporting period. Specifically, all data elements that we selected and reviewed that the school reported through the Graduation Rates, Institutional Characteristics, and Student Financial Aid surveys for the 2021–2022 reporting period were supported by datasets, information system reports, or other records. Because all the data sets that we reviewed were verifiable, we did not make any recommendations. [Read the Spring Hill Report](#)

University of Texas Permian Basin

We determined that the University of Texas Permian Basin reported verifiable data to the Department's IPEDS for the 2021–2022 reporting period. Specifically, all data elements that we selected and reviewed that the school reported through the Graduation Rates, Institutional Characteristics, and Student Financial Aid surveys for the 2021–2022 reporting period were supported by datasets, information system reports, or other records. Because all the data sets that we reviewed were verifiable, we did not make any recommendations. [Read the UT Permian Basin Report](#)

INVESTIGATIONS AND OUTREACH

Identifying and investigating fraud in Federal student aid 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 Federal student aid programs, and hundreds of millions of dollars returned to the Federal government in fines, restitutions, and civil settlements.

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 actions taken against fraud ring participants during this reporting period. You can also learn more about our recent work involving student aid fraud rings in the ["OIG Perspective Report: The Importance of Strengthening Internal Controls in Federal Student Aid"](#) on our website.

Two People Charged with Stealing More than \$12 Million in Separate Fraud Schemes (Michigan)

Two people were charged for orchestrating two separate fraud rings that targeted more than \$12 million in student aid. One individual allegedly ran a prolific, 10-year scheme that involved the submission of fraudulent FAFSAs for more than 1,200 people, involving more than 100 schools in 24 States. As a result of his alleged actions, more than \$16 million in Federal student aid was to be awarded, with more than \$10 million disbursed. The second individual is also alleged to have operated a 10-year scheme that involved more than 80 individuals, predominantly enrolled at Wayne County Community College. The complaint alleges that many of these individuals were enrolled in the same or similar degree programs and were taking the same or similar online courses. As a result of her alleged actions, more than \$3 million in Federal student aid was to be awarded, with more than \$2.5 million disbursed. Read the [Michigan Press Release](#)

Leader of Ring That Targeted More than \$5 Million in Student Aid Sentenced to Prison (North Carolina)

The leader of a student aid fraud ring that targeted some \$5 million in student aid was sentenced to 5 years in prison and was ordered to pay more than \$3.6 million in restitution. Between 2016 and 2023, the ringleader recruited some 80 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](#)

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

A “serial scammer” who orchestrated a student aid fraud ring that targeted more than \$930,000 in student aid was sentenced to 2.5 years in prison and was ordered to pay more than \$348,000 in restitution. 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 directed the student award balance to accounts or reloadable debit cards controlled by her or others with whom she conspired. The leader perpetuated the fraud scheme by completing and submitting assignments for the straw students who were enrolled in the school’s online programs in order to maintain the straw students’ enrollment in the college, which allowed the ringleader to apply for and receive student aid in the name of the straw students over multiple years. Read the [Indiana Press Release](#)

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

The leader of a fraud ring that targeted more than \$652,000 in Federal student aid was sentenced to 5 years in prison and was ordered to pay more than \$652,000 in restitution. 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 \$466,000 Student Aid Fraud Ring Sentenced (New York)

The leader of a fraud ring that targeted more than \$466,000 in Federal student aid was sentenced to serve 1 year and 1 day in prison for orchestrating a decade-long student aid fraud ring. The ringleader and her co-conspirators used stolen identities to apply for admission to and receive Federal student aid for purported attendance at online colleges and had the student aid award balance sent to addresses and bank accounts within their control. In addition to the prison sentence, the ring leader was also ordered to pay more than \$260,000 in restitution and forfeiture. [Read the New York 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.

Insider to \$1 Million Student Loan Forgiveness Scam Pled Guilty (Colorado)

A woman with inside knowledge of a student loan forgiveness scam that defrauded unwitting borrowers out of more than \$1 million pled guilty to misprision of a felony. She was aware of a scheme planned by the owner of the Student Resolution Center, LLC (SRC). Starting around June 2015, the owner created a scheme to deceive student loan borrowers by falsely promising them that SRC could reduce or eliminate their student loan debt in exchange for a series of payments. SRC obtained authorization from victims to withdraw payments from their bank accounts but then withdrew payments in excess of the amounts agreed upon. As a result of their fraudulent actions, the company earned more than \$1 million from hundreds of victims, money which the woman and the owner used for personal gain, including purchasing a residence and a luxury vehicle.

Woman Indicted on Theft and Fraud Charges, Including the Total and Permanent Disability Student Loan Discharge Program (West Virginia)

A woman was indicted on charges of theft, making false statements, and fraud in order to discharge her student loans. According to the indictment, the woman submitted falsified medical records and other information to the U.S. Department of Veterans Affairs seeking a finding of total and permanent disability. Once obtained, the woman allegedly submitted the information to the U.S. Department of Education in order to discharge more than \$242,500 in student loans through the Total and Permanent Disability discharge program.

Man Who Used the Identities of His Father and Brother in \$200,000 Fraud Scam Sentenced (Arkansas)

A man was sentenced to 33 months in prison and was ordered to pay more than \$200,000 in restitution for using the identities of his father, brother, and others in a \$200,000 student aid fraud scam. From 2017 through 2022, the man 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 efforts, the man fraudulently received more than \$200,000 in Federal student aid.

Inmate Sentenced for \$186,000 Student Aid Fraud Scam While in Prison (Arkansas)

A man was sentenced to 60 months in prison for operating a student loan fraud scam while he was in prison serving a sentence for another crime. From 2018 through 2022, the man used his identity and those of others, including other prison inmates, that he used to submit fraudulent admission and student aid applications to Regent University and Adams State University. Working with a relative outside the prison, the inmate directed the scam, instructing the relative on how, when, and where to submit the information, as well as setting up bank accounts where they would have the student aid award balances deposited. As a result of his fraudulent actions, the inmate received some 21 Federal loans and Pell Grants and 10 private loans.

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, debt collection and other 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. These [free fraud awareness and prevention materials](#) are available on our website.

Elementary and Secondary Education Programs

The Department administers more than 100 programs that involve 56 State 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 or misuse Department funds and holding them accountable for their unlawful actions.

REPORTS

During this reporting period, we issued two additional reports in our audit series involving selected States' implementation of their statewide accountability systems, and an informational report on SEAs' and local educational agencies' (LEA) use of digital wallet-related technologies. Summaries of those reports follow.

Implementation of Selected Components of Statewide Accountability Systems

The Elementary and Secondary Education Act of 1965 (ESEA) authorizes the Department to provide grants to States and LEAs to improve the quality of elementary and secondary education. To receive funding under the ESEA, a State must submit a plan to the Department that includes a description of its statewide accountability system. The Department must approve the plan before the State can receive funds, and the approved plan remains in effect for the duration of the State's participation in ESEA programs. If, at any time, a State wants to make significant changes to its plan, it must obtain the Department's approval.

In recent Semiannual Reports to Congress, we reported the results of the first two reports in our series of audits to determine whether selected States implemented selected components of their statewide accountability systems in accordance with their approved State plans and any approved amendments—the Mississippi Department of Education and the Oregon Department of Education ([those reports](#) can be found on our website). During this reporting period, we issued the results of the last two audits in this series involving the Connecticut State Department of Education (CSDE) and the West Virginia Department of Education (WVDE). Summaries of our findings follow.

Connecticut State Department of Education

We found that CSDE implemented two (student academic achievement and school success indicators and annual meaningful differentiation) of the three selected components of the statewide

accountability system and provided additional funding and support services to LEAs with identified schools in accordance with Connecticut's approved State plan and CSDE's policies and procedures. However, its implementation of certain aspects of the third selected component (identification of low-performing schools) of the accountability system deviated from the plan. As a result, CSDE did not identify all schools for comprehensive support and improvement (CSI) that it should have identified in the fall of 2022. Additionally, CSDE did not always identify or correctly identify the student subgroups needing additional targeted support and improvement (ATSI) in accordance with Connecticut's approved State plan, which it attributed to a system coding error for ATSI. We concluded that stakeholders have reasonable assurance that CSDE is implementing two of the three critical Title I-related components of Connecticut's statewide accountability system covered by our review in accordance with the approved State plan and CSDE's policies and procedures. However, not following procedures in an approved State plan for identifying schools for CSI can lead to different schools or a different number of schools being identified for additional support, which could result in eligible schools not receiving valuable resources to which they were entitled and ineligible schools receiving valuable resources to which they were not entitled and that could have benefited other schools in need of and eligible for additional support. Additionally, when CSDE does not correctly identify an eligible student subgroup for ATSI, it may not correctly identify that subgroup and school for CSI in the future which could result in student subgroups and schools in need of and eligible for CSI not receiving valuable resources to which they were entitled.

We made three recommendations to address the issues identified, including that the Department (1) require CSDE to amend Connecticut's State plan by updating its procedures for identifying schools for CSI to ensure they align with the procedures in CSDE's "Using Accountability Results to Guide Improvement" and the definition of a school identified for CSI in the ESEA; (2) provide support to the five Title I schools that should have been identified for CSI; and (3) verify that CSDE implemented corrective actions to fix the system coding error to ensure that it correctly identifies student subgroups needing ATSI in the future. CSDE agreed with some but not all of our recommendations. [Read the Connecticut Report](#)

West Virginia Department of Education

We found that WVDE generally implemented selected components of the statewide accountability system in accordance with West Virginia's approved State plan and amendments and WVDE's policies and procedures and correctly allocated

additional funding to LEAs with schools identified in the fall of 2022 as needing additional support. However, WVDE incorrectly identified 12 schools for additional support and improvement that were not eligible for additional support services. It also did not always keep records showing that it provided additional support services, such as planning and collaboration, diagnostic and monitoring activities, and technical assistance, to LEAs with schools identified as needing additional support. As was the case for CSDE, stakeholders have reasonable assurance that WVDE is implementing critical Title I-related components of West Virginia's statewide accountability system in accordance with the approved State plan and amendments and WVDE's policies and procedures. However, the ineligible schools that received additional support services benefited from valuable resources to which they were not entitled and that could have benefited eligible schools in need of additional support. Additionally, stakeholders do not have sufficient assurances that WVDE is providing LEAs and schools with all the planning and collaboration, diagnostic and monitoring activities, and technical assistance they need to improve their students' academic performance.

We made two recommendations to address the issues identified, including that the Department (1) verify that WVDE correctly applied the procedures described in West Virginia's approved State plan when it identifies schools for additional support in the fall of 2025 and (2) require WVDE to keep records showing that it is delivering the additional support services that it promised the LEAs and schools. WVDE did not comment on our first two findings, generally agreed with our third finding, and disagreed with our fourth finding and the related recommendation. [Read the West Virginia Report](#)

States' and Local Educational Agencies' Use of Digital Wallet-Related Technologies and Services

We learned through prior OIG work that some SEAs were using digital wallet-related technologies and services (digital wallet) to help administer their Governor's Emergency Education Relief (GEER) Fund and EANS grants. However, there was limited public information regarding digital wallets and how or to what extent SEAs and LEAs may be using them for their Federal education grants. As such, we conducted a survey to determine the extent to which SEAs and LEAs used digital wallets to facilitate the administration of Department grant funds. Our review covered the period from October 1, 2022, through December 31, 2024. For purposes of this review, we defined "digital wallet" as a software-based process provided by a third-party vendor that facilitates the disbursement to or expenditure of Federal education grant funds by beneficiaries such as teachers, students, families, and nonpublic schools.

Forty-five SEAs responded to our survey regarding the use of digital wallets to facilitate the administration of Department grant funds. Twelve of those SEAs reported using digital wallets to help administer some of their Department grants during our review period, and three of these planned to continue using digital wallets in 2025. SEAs primarily relied on one digital wallet vendor to help administer their Department grant funds. That vendor, used by 11 of the 12 SEAs, was responsible for helping to administer more than 95 percent of the Department grant funds for which SEAs reported using digital wallets. SEAs used digital wallets almost exclusively for their pandemic relief Department grants, including the GEER, EANS, and Elementary and Secondary School Emergency Relief Fund grants. SEAs most commonly used digital wallets for automated direct deposit reimbursement or payment, built in controls for fund use, and tracking of funds; and several SEAs reported that they relied, at least partially, on their digital wallet vendors to help ensure that applicable Federal grant requirements were followed.

According to the SEAs that responded to our survey, a small number of LEAs used digital wallets to help administer their Department grant funds during our review period. Only one SEA reported that its LEAs used digital wallets, and that SEA further reported that only 5 to 10 LEAs in the State used digital wallets. Although LEAs' use of digital wallets appeared to be limited based on the survey results, the full extent of LEAs' digital wallet usage is not known since 6 SEAs did not complete the survey and 15 of the 45 respondent SEAs reported that they did not know whether their LEAs used digital wallets to help administer Department grant funds.

Given that the report was informational, it did not include recommendations; however, it provided insights into the extent of SEAs' and LEAs' use of digital wallets during our review period and their planned use of digital wallets in 2025, information that may be of interest to key stakeholders, including the Department, SEAs and LEAs, students and their parents, Congress, and the general public. [Read the Digital Wallet Report](#)



INVESTIGATIONS

OIG investigations in the elementary and secondary 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 and contractors.

Second of Four Officials Pled Guilty in \$44.6 Million Charter School Enrollment Fraud Scheme (Indiana)

In 2024, four former school officials were charged for their alleged roles in a conspiracy to defraud the Indiana Department of Education (IDOE) through their operation of two online charter schools—Indiana Virtual School (IVS) and Indiana Virtual Pathways Academy (IVPA). The four are the schools' founder, the Director of IVS, the superintendent of both schools, and a school operations manager. One of the four, the operations manager, pled guilty to fraud charges in 2024. During this reporting period, the superintendent pled guilty to his role in the scheme. Between 2016 and 2018, the four inflated the schools' enrollment numbers in order to receive more funding from the State, submitting to the IDOE the enrollment of over 4,500 students that they knew were not attending IVS or IVP. As a result of their false submissions, the schools received more than \$44 million, millions of which the defendants directed to fraudulent for-profit companies controlled by the founder, which were then funneled to his co-conspirators and others. They also fired an employee who attempted to inform the IDOE of fraud that was occurring at IVS. The school closed in 2019.

Former Houston ISD Official, Contractor Found Guilty in Multimillion-Dollar Bribery, Kickback, and Fraud Scheme (Texas)

During this reporting period, a Federal jury returned guilty verdicts against the former chief operating officer of the Houston Independent School District (HISD) and an HISD contractor for their roles in a 9-year, multimillion dollar fraud scheme. The former official used his position and pressured other school officials to steer lucrative HISD contracts toward the contractor's companies in exchange for bribes and kickbacks. The contractor also overbilled HISD by some \$6 million, charging the district more than twice what he paid for supplies, and then marking it up another 20 percent. The contractor shared the profits with the former HISD official, who was given cash payments to, among things, pay off large gambling debt. [Read the press release](#).

More Action Taken in \$3.4 Million Fraud at Boone County Schools (West Virginia)

In our [last Semiannual Report to Congress](#), we highlighted our investigation involving 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. During this reporting period, the former official pled guilty and his parents were sentenced for their roles in the scam. The former director 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 was only receiving 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. Approximately 80 percent of the total payments his company received was for products never delivered. The former maintenance directors 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. [Read the press release.](#)

Restitution of \$2 Million Ordered for Former Puerto Rico Department of Education Vendor (Puerto Rico)

In a [previous Semiannual Report](#), we highlighted our case involving a former secretary of the Puerto Rico Department of Sports and Recreation and others who were sentenced for their roles in a kickback, fraud, and money laundering conspiracy involving more than \$9.8 million in fraudulently awarded contracts. The former secretary awarded federally funded contracts without a competitive bidding evaluation process and awarded contracts for services at inflated prices. Federal funds fraudulently obtained through this scheme were used to operate and promote boxing events, television shows, travel, political campaigns, and business ventures. During this reporting, one of the vendors associated with the case received an amended judgment, ordering him to pay more than \$2 million for his role in the scheme to the U.S. Department of Education and the U.S. Department of Housing and Urban Development.

Chicago Public Schools Ordered to Repay More Than \$1.1 Million (Illinois)

In July, the U.S. Department of Education's Office of Elementary and Secondary Education Office of Indian Education notified Chicago Public Schools (CPS) that it must repay more than \$1.1 million in Federal funds received as part of an Indian Education formula grant, as CPS could not produce documentation/verify the number of its students that participated in the

program from 2016–2023. The action is a result of a joint OIG and CPS OIG investigation that identified discrepancies in the student data count associated with the program.

**Businessman
Ordered to Pay
\$1 Million Fine
for Bid Rigging,
Antitrust
Violations
(Florida)**

In our [last Semiannual Report](#), we highlighted our case involving five businessmen, four of whom pled guilty and one was sentenced, for violating the Sherman Antitrust Act—a Federal statute that prohibits activities that restrict interstate commerce and competition in the marketplace. During this reporting period, another of the four businessmen was sentenced. 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 businessman was sentenced to serve a year of home detention, two years of probation, and was ordered to pay a \$1 million fine.

**Owner of
American Baila,
a 21st Century
Community
Learning
Center Grantee,
Sentenced in
\$579,000 Fraud
(Illinois)**

The owner and operator of America Baila: Folkdance Company of Chicago (America Baila), a 21st Century Community Learning Center grantee, was sentenced to 2 years of probation and ordered to pay more than \$579,000 in restitution for defrauding the program. 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 be 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.

**Two School
Superintendents,
Consultant
Indicted in
Fraud Scheme
(Mississippi)**

The superintendents of the Hollandale School District and Leake County School District, along with a consultant, were indicted for their roles in a public corruption scheme. According to the indictment, from 2021 to at least 2023, while superintendent of Clarksdale Municipal School District and now Leake County School District, and the superintendent of Hollandale School District, used their positions to enter into reciprocal consulting contracts and generate reciprocal payments allegedly involving some \$250,000 in the districts' funds, for consulting services at a fraudulently inflated rate of payment and for consulting services that were not actually provided. Each superintendent directed payments of their respective school district funds to companies the other either controlled or had access to

its bank accounts, that they used for their personal benefit. The superintendent of the Hollandale School District is also alleged to have engaged in a bribery and kickback scheme with the owner of Erudition Consulting Company, securing contract awards for services at a fraudulently inflated rate or that were never provided. The consultant allegedly kicked back a portion of the contract awards to the superintendent.

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

A former public high school bookkeeper who had been indicted on 17 counts of fraud was convicted by a jury on all counts and sentenced to 5 years of probation and 12 months in home confinement. She was also ordered to pay more than \$142,900 in restitution. Between 2021 and 2023, the bookkeeper stole checks totaling more than \$142,900 from school accounts, endorsed the checks, and deposited the funds into her personal bank accounts.

Former Charter School Executive Director Indicted (California)

In July, the founder and executive director of a K-8 charter school in Madera County was indicted on theft charges. The former official allegedly used school funds on improper personal expenses for himself, his family, and associates. He concealed the misused funds by mislabeling the expenses in school accounting records and misrepresenting the expenses when asked. For example, he is alleged to have purchased new Ford F-150 Raptor pickup trucks for his two sons using school funds. He also had a personal relationship with a self-proclaimed sex worker turned relationship coach to whom he paid \$12,000 using school funds. [Read the press release](#)

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 education-related disaster recovery fraud. These [free materials](#) and [Eye on ED podcasts](#) are available via our 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

OIG work completed over the last 6 months in this area includes statutory audits involving information technology security, improper payments, and the Department's compliance with whistleblower protection information specific to contractors and grantees. Summaries of this work follow.

Information Technology Security

The E-Government Act of 2002 recognized the importance of information security to the economic and national security interests of the United States. The Federal Information Security Modernization Act of 2014 (FISMA) amended FISMA 2002 by providing several modifications aimed at modernizing Federal security practices to address evolving security concerns. These changes were intended to strengthen the use of continuous monitoring in systems, increase focus on the agencies for compliance, and result in reporting that is more focused on the issues caused by security incidents and less reporting overall. FISMA 2014 also required the Office of Management and Budget (OMB) to amend and revise OMB Circular A-130 to eliminate inefficient and wasteful reporting and reflect changes in law and advances in technology. FISMA requires OIGs to assess the effectiveness of the agency's information security program. It specifically mandates that each independent evaluation include a test of the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems and an assessment of the effectiveness of the information security policies, procedures, and practices of the agency.

Our review utilized the FY 2025 FISMA metrics published by OMB and the U.S. Department of Homeland Security (DHS), in consultation with the Council of the Inspectors General on Integrity and Efficiency (CIGIE), to evaluate the effectiveness of the Department's information security program and practices. The Inspector General (IG) FISMA reporting metrics are organized around the six security functions—Govern, Identify, Protect, Detect, Respond, and Recover—outlined in the National Institute of Standards and Technology's (NIST) cybersecurity framework. The FY 2025 IG FISMA Metrics introduced updated evaluation

criteria, enhanced scoring guidance, and refined documentation requirements to improve consistency, risk alignment, and the overall effectiveness of cybersecurity oversight across Federal agencies. In addition, the FY 2025 IG FISMA Metrics comprised five new supplemental metrics designed to gauge the maturity of agencies' cybersecurity governance practices and implementation of key components of Zero Trust Architecture. Finally, a new FISMA function (Govern) was created for FY 2025 that included one new domain (Cybersecurity Governance) and one existing domain (Cybersecurity Supply Chain Risk Management). Using this framework and direction, the auditors assessed the effectiveness of each security function using maturity level scoring prepared in coordination with the CIGIE, OMB, and DHS. The scoring distribution is based on five maturity levels: (1) Ad-hoc, (2) Defined, (3) Consistently Implemented, (4) Managed and Measurable, and (5) Optimized. Level 1, Ad-hoc, is the lowest maturity level and Level 5, Optimized, is the highest maturity level. For a security function to be considered effective, an agency's security programs must score at or above Level 4, Managed and Measurable.

FY 2025 FISMA Results

At the conclusion of the review, the auditors determined that the Department's overall information security program and practices are effective as 9 out of the 10 FISMA domains met the requirements needed to operate at a Level 4 maturity rating (Managed and Measurable) or higher (Cybersecurity Governance, Cybersecurity Supply Chain Risk Management, Risk and Asset Management, Configuration Management, Data Protection and Privacy, Security Training, Information Security Continuous Monitoring, Incident Response, and Contingency Planning), and 1 FISMA domain (Identity and Access Management) was not effective. Overall, the Department's information security programs and practices were effective supporting the five in-scope systems. Additionally, a total of 16 conditions were identified, and 5 recommendations were made across the 10 FISMA domains indicating potential areas of improvement for the Department. The Department concurred with all five recommendations and agreed to develop corrective action plans by September 30, 2025. [Read the FISMA Report](#)

Improper Payments

Improper payments—payments that should not have been made or were made in the incorrect amount—have consistently been a government-wide priority and taking action to reduce them is a requirement for Federal agencies. In March 2020, the Payment Integrity Information Act of 2019 (PIIA) was signed into law in an effort to improve government-wide efforts to identify and reduce improper payments. The PIIA requires each agency, in

accordance with guidance prescribed by OMB, to periodically review all programs and activities that the agency administers and identify all programs and activities that may be susceptible to significant improper payments. For each program and activity identified as susceptible to significant improper payments, the agency is required to produce a statistically valid estimate, or an estimate that is otherwise appropriate using a methodology approved by OMB, of the improper payments made by each program and activity and include those estimates in its annual Agency Financial Report. To comply with the PIIA, an agency must meet six specific requirements; if it does not meet one or more of these requirements, then it is considered not compliant. The PIIA also requires each agency's inspector general to determine the agency's compliance with the statute in each fiscal year. As part of the review, the law requires the inspector general to evaluate the accuracy and completeness of the agency's reporting and its performance in preventing and reducing improper payments. Below you will find the results of our FY 2024 review.

Department's Compliance with Improper Payments Requirements for FY 2024

We found that the Department complied with the PIIA for the FY 2024 reporting period because it met all six compliance requirements. However, we found that the Department could improve its processes for implementing its methodologies for estimating improper payments and unknown payments. While we found that the point estimates for the Federal Pell Grant (Pell) and William D. Ford Federal Direct Loan (Direct Loan) programs reflect the programs' annual improper payments and unknown payments, we found that the Department's improper payment and unknown payment estimates for these programs were not reliable because of issues in the calculation of the confidence intervals. Specifically, the improper payment sampling and estimation plans for the Pell and Direct Loan programs included nonrandom student-level sampling from some of the compliance audits FSA used to calculate the estimates, which affected the accuracy and appropriateness of the confidence intervals used in the calculation of the improper payment and unknown payment estimates. The nonrandom student-level sampling issue has been a repeat finding since our report on the Department's compliance with improper payment reporting requirements for FY 2019.

Without an accurate confidence interval, the Department may not have a true sense of how high or low the improper payment or unknown payment amount could be in the population. This may limit its efforts to identify the true root causes of improper payments in the programs and take appropriate corrective action to prevent and reduce improper payments. We recommended that FSA develop sampling and estimation plans for the Pell and Direct Loan programs

that will produce reliable estimates. The Department and FSA agreed or partially agreed with our findings. FSA did not specifically agree or disagree with the recommendation but stated the corrective actions it plans to take in response to our recommendation. [Read the Improper Payments Report](#)

U.S. Department of Education's Nondisclosure Policies, Forms, and Agreements

The Whistleblower Protection Enhancement Act of 2012 (WPEA) was signed into law on November 27, 2012 (Public Law 112-199). The law strengthens protections for Federal employees who disclose evidence of waste, fraud, or abuse. The anti-gag provision, codified in the WPEA, requires all Federal agency nondisclosure policies, forms, or agreements to include an explicit statement notifying employees of their rights to report wrongdoing and make protected disclosures to an Inspector General, Office of Special Counsel, and to Congress. In March 2024, Senator Charles E. Grassley requested that all Inspectors General review their agencies' nondisclosure policies, forms, and agreements to ensure the anti-gag provision statement is included as required by the WPEA. As such, our objective was to determine whether the Department includes the anti-gag provision statement, as required by the WPEA, in nondisclosure policies, forms, or agreements.

We found that the Department did not include the anti-gag provision statement, required by the WPEA, in all applicable nondisclosure agreements and forms. Specifically, we identified 6 agreements or forms developed by or currently being used by 3 of the Department's 17 principal offices that did not contain the required statement. This occurred because the Department does not have documented policies and procedures relating to the development of nondisclosure forms or agreements and has not developed a process to ensure that the anti-gag provision statement is included, when required, in nondisclosure policies, forms, and agreements.

Department employees subject to nondisclosure policies, forms, or agreements that do not include the anti-gag provision statement, when required, may lack awareness of their rights to report wrongdoing, which may increase the risk of them not reporting potential fraud, waste, and abuse. The lack of written policies, procedures, and guidance increases the risk that nondisclosure agreements and forms may continue to be developed and used that do not include the provision when required. We made two recommendations to the Department to improve the Department's compliance with the WPEA and address the issues identified during the inspection. The Department stated that it generally agreed with our findings and did not state whether it agreed or disagreed with the recommendations. [Read the Nondisclosure Report](#)

The Department's Compliance with Reprogramming and Transfer of Funds Requirements

The Antideficiency Act prohibits Federal agencies from incurring obligations or expending funds in excess of an appropriation. However, Congress has granted agencies limited authority to make spending adjustments following the enactment of appropriations through transfers or reprogramming. In November 2024, Senator Bill Hagerty requested that 19 Inspectors General review their agencies' compliance with statutory transfer of funds (transfer) authority and change-of-program (reprogramming) requirements under applicable appropriations laws, including all instances in which the agencies failed to comply. As such, we conducted a review of the Department's transfer and reprogramming activities from November 5, 2024, through January 20, 2025, to determine the extent to which these activities complied with applicable appropriations laws.

Our review found that the Department did not fully comply with transfer of funds and reprogramming requirements under applicable appropriations laws. We identified a total of six transactions, consisting of five transfers and one reprogramming, that occurred from November 5, 2024, through January 20, 2025. We determined that two of these transactions—one of the transfers and the one reprogramming—were made using authorities granted under applicable appropriations laws. For these two transactions, we found that the transfer was compliant with applicable requirements; the reprogramming was not. Specifically, we found that the Department did not consult or notify Congress of the reprogramming as required by the appropriations laws. The remaining four transfers were appropriately made under other statutory authorities. The Department's failure to comply with applicable statutory transfer authorities and reprogramming requirements may result in Federal funds not being used as originally intended by Congress, funds being deemed unavailable for obligation, and potential violations of the Antideficiency Act. Additionally, failure to notify Congress of transfers of funds and reprogramming hinders congressional oversight of how agencies execute their budgets and fulfill their missions.

Based on our findings, we recommended that the Department establish appropriate controls to ensure that transfers of funds and reprogramming comply with all applicable statutory authority requirements, including notifications to the House and Senate Appropriations Committees. The Department agreed with the finding and did not specifically agree or disagree with the recommendation. Instead, it noted that it had already established controls whereby it ensures Congress is consulted on proposed transfers and reprogramming a minimum of 15 days prior to execution and notified a minimum of 10 days prior to execution. [Read the Reprogramming 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 several 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. You can find these [audit guidance and other materials for non-Federal auditors](#) on our website.

DESK REVIEWS AND QUALITY CONTROL REVIEWS

Non-Federal audits, such as entity-wide single audits of governments and nonprofits or program-specific Title IV audits of for-profit and foreign schools or servicers, 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 judgmental sample of audits. We also perform desk reviews of a judgmental 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.

During this reporting period, we completed 24 desk reviews and concluded that five report packages (20.8 percent) contained quality deficiencies that affected the reliability of the audits and had to be corrected. In 16 report packages (66.7 percent), we identified quality deficiencies that we brought to the attention of the auditor and auditee for corrective action in future engagements. We found no quality deficiencies in three report packages (12.5 percent).

We also completed 12 quality control reviews. In five audits (41.7 percent), we identified quality deficiencies that affected the reliability of the audit results and had to be corrected. In seven audits (58.3 percent), we identified quality deficiencies that we brought to the attention of the auditor for corrective action in future engagements.

When a quality control review receives a rating of Fail and the independent public accountant or audit organization cannot or does not adequately resolve the deficiencies, we may find the audit report is not reliable and we will recommend the report be rejected. 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 reporting period, we made one recommendation to the Department to reject an audit report, and the Department accepted our recommendation and rejected the audit report in question. We also referred that independent public accountant to their State Board of Accountancy for possible disciplinary action, due to the independent public accountant’s unacceptable audit work or failure to cooperate with ethics investigations.

Since the beginning of this reporting period, we received information from the AICPA and a State Board of Accountancy regarding disciplinary action taken against four auditors as a result of our previous quality control reviews. The AICPA terminated the

membership of one auditor and took disciplinary and remedial actions against two others, requiring them 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. A State Board of Accountancy placed another auditor's license on probation for a period of 3 years, during which time the auditor cannot perform audits, and also required the auditor to pay fines and complete additional continuing professional education.

TECHNICAL ASSISTANCE

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

During this reporting period, our team brought together Department officials and our State and local oversight partners for a summit focused on auditing Title IV student financial assistance funds through single audits. Together, participants explored how to align audit efforts with the Department's future direction—prioritizing risk reduction and financial accountability, with a goal of helping shape future audit guidance to strengthen oversight and accountability even further.

Additionally, we presented audit update sessions at two conferences to financial aid professionals, leaders in postsecondary career education, and auditors from IHEs.



Additional Efforts

During this reporting period, the OIG issued other statutory reports, annual reports; produced and conducted 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 produced information on education-related fraud schemes and scams and how the public can protect themselves against them. Summaries of some of these efforts follow.

New Products for the Public

The first step in stopping education-related fraud is learning how to identify it—the second step is knowing how to report it. That is why our fraud awareness efforts are so important. During this reporting period, the OIG issued new and updated brochures, flyers, and information sheets aimed at helping our stakeholders and the general public identify, avoid, and report education-related fraud to the OIG. This included new flyers on the [OIG Hotline](#) and [whistleblower protections](#); and student aid fraud and [student aid debt collection scams](#). We issued a new publication, ["Fraud Watch,"](#) highlighting new and emerging areas of potential fraud, waste, or abuse involving Federal education programs, operations, and funding. We also issued another [FraudGram newsletter](#). Our FraudGram Newsletters are designed to educate and alert the public to education-related schemes and scams, provide information on free resources available to the public related to identifying and reporting fraud, and news on OIG investigations. You'll find all of these [new products and more materials on our website](#).

The OIG also conducted 206 fraud awareness efforts during this reporting period. This included trainings, discussions, briefings, panel sessions, one-on-one meetings, and social media campaigns—to reach school officials at the K-12 and post-secondary levels, as well as State and local law enforcement and prosecutive entities. You will find copies of our [free fraud awareness and prevention materials, training videos](#) and more on our website.

OIG Hotline Wizard

During this reporting period, the OIG launched a new feature on its website aimed at helping the public get their questions, concerns, or suspicions of fraud, waste, and abuse addressed more efficiently. Called the OIG Hotline Wizard, it prompts the individual to answer a few very short questions and based on their responses, guides them to the appropriate source to address their concern, be it the OIG Hotline or other Department office or agency. The Hotline Wizard's tagline is "Let's Get Your Concern to the Right Place" as that's exactly what it does. You can reach the [OIG Hotline Wizard on our website](#).

Interviews

Since our last Semiannual Report to Congress, OIG Assistant Inspector General for Investigation Services Jason Williams was a featured guest on two Gray TV “Watching Your Wallet” segments. The first focused on [K-12 fraud](#), providing the public with information on the types of fraud the OIG is seeing at the K-12 level, and sharing information on how to identify and report it to the OIG. The second involved [student aid fraud, emphasizing “ghost students”](#)—how criminals are operating these schemes and what is being done to identify and stop them. The features ran in more than 100 media markets. Assistant Inspector General Williams also participated in a panel discussion for FraudKast, a podcast hosted by LexisNexis, that focused on [student aid fraud](#). All of these events provide the OIG with the opportunity to raise awareness of fraud involving Federal education programs and the ability to reach a wide and diverse audience. These and other [interviews with OIG staff](#) are available on our website.

Whistleblower Protection Training

On National Whistleblower Day (July 30), the OIG held a voluntary, Department-wide session on whistleblower protections. The session was led by an OIG subject matter expert attorney and the OIG’s designated Whistleblower Protection Coordinator (WPC), a statutorily-required role within the OIG tasked with, among responsibilities, educating agency employees and managers about prohibitions on retaliation for a protected disclosure. The session covered the role of the OIG and the Whistleblower Protection Coordinator, who is a protected whistleblower; what is a protected disclosure; retaliation; reporting retaliation; retaliation investigations; and confidentiality requirements. Information on [whistleblowing](#) and [whistleblower protections](#) are available on our website.



PARTICIPATION IN COMMITTEES, WORK GROUPS, AND TASK FORCES

OIG staff continue to play an active role in Inspector General community-wide efforts. OIG staff currently serve on the following Council of the Inspectors General on Integrity and Efficiency (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
- Federal Hotline Working Group
- Human Resources Directors' Roundtable
- Enterprise Risk Management Working Group
- Internal Affairs Working Group
- OIG Communitywide Quality Assurance 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
 - Franklin Covey 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.
- **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 Government Accountability Office (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 to discuss issues, proposals, and plans related to human capital management.

Table of Frequently Used Acronyms

Acronym	Definition
AICPA	American Institute of Certified Public Accountants
ARP	American Rescue Plan
ATSI	additional targeted support and improvement
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CRRSA	Coronavirus Response and Relief Supplemental Appropriations Act
CSI	comprehensive support and improvement
Department	U.S. Department of Education
DHS	Department of Homeland Security
digital wallet	digital wallet-related technologies and services
Direct Loan	William D. Ford Federal Direct Loan
EANS	Emergency Assistance to Nonpublic Schools
EIDL	Economic Injury Disaster Loan
ESEA	Elementary and Secondary Education Act of 1965
FAFSA	Free Application for Federal Student Aid
FISMA	Federal Information Security Modernization Act of 2014
FSA	Federal Student Aid
FY	fiscal year
GAO	Government Accountability Office
GEER	Governor's Emergency Education Relief
HEA	Higher Education Act of 1965, as amended
IG	Inspector General
IHE	institutions of higher education
IPEDS	Integrated Postsecondary Educational Data System
LEA	local educational agency

Acronym	Definition
NIST	National Institute of Standards and Technology
OIG	Office of Inspector General
OMB	Office of Management and Budget
Pell	Federal Pell Grant
PII	Personal identifying information
PIIA	Payment Integrity Information Act of 2019
SBA	Small Business Administration
SEA	State educational agency
USC	United States Code
WPC	Whistleblower Protection Coordinator
WPEA	Whistleblower Protection Enhancement Act of 2012



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
IES	Institute of Education Sciences
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
OGC	Office of General Counsel
OIG	Office of Inspector General
OPEPD	Office 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

Reports

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.

Terminology

Term	Definition
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	37
-	Statistical Summary of Investigation-Related Accomplishments	2	38
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	44
Section 405(b) (4)	Total Number of Convictions During the Reporting Period Resulting from Investigations (October 1, 2023, through March 31, 2023)	2	38
Section 405(b) (5)	Summary of each report made to the head of the establishment under section 406(c)(2) of this title during the reporting period.	6	47
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	40
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	43
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	Nothing to Report	

Section and Statute or Order	Requirement	Table Number	Page Number
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	Nothing to Report	
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	38
Section 405(b) (18)	Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables	2	38
Section 5(b) of P.L. 117-286	Summary of Significant Investigations Closed During the Reporting Period (April 1, 2024, through September 30, 2024)	8	48
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	Nothing to Report	
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	7	47
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	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.	Nothing to Report	
Section 5203 Administrative False Claims Act	Number of Administrative False Claims Act reports submitted by investigating officials to reviewing officials; actions taken in response to such reports; and instances in which the reviewing official declined to proceed on a case reported by an investigating official.	Nothing to Report	

Table 1. Statistical Summary of Audit and Other Report Accomplishments for the Reporting Period and FY 2025 Total

Accomplishment	SAR 90 October 1, 2024– March 31, 2025	SAR 91 April 1, 2025– September 30, 2025	FY 2025 Total
Audit Reports Issued	6	5	11
Inspection Reports Issued	4	5	9
Other Products Issued	8	3	11
Questioned Costs (including Unsupported Costs)	\$128,416	\$21,157,618	\$21,286,034
Value of Recommendations for Better Use of Funds	\$0	\$0	\$0



Table 2. Statistical Summary of Investigative Accomplishments for the Reporting Period and FY 2025 Totals

Accomplishment	Description of the Metric	SAR 90	SAR 91	FY 2025 Total
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.	14*	9	23
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	25	33	58
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	135	109	-
Investigative Reports Issued	Number of Reports of Investigation, Management Information Reports, Flash Reports, or Urgent Fraud Alerts issued during the reporting period.	24	37	61
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	0 Civil 1 Criminal	0 Civil 2 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	0 Civil 9 Criminal	2 Civil 14 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	11	28

Accomplishment	Description of the Metric	SAR 90	SAR 91	FY 2025 Total
Convictions/ Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	27*	13	40
Fines Ordered	Sum of all fines ordered during the reporting period.	\$361,256*	\$1,002,700	\$1,363,956
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	\$7,517,992	\$8,590,552	\$16,108,544
Civil Settlements/ Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	0	0	0
Civil Settlements/ Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	0	0	0
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	\$32,797	\$11,267,682	\$11,300,479
Forfeitures/ Seizures	Sum of all forfeitures/ seizures ordered during the reporting period.	\$291,854	\$52,304	\$344,158
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	0	0
Suspensions and Debarment Referred to Department	Number of referrals made to the Department for consideration of suspension and debarment.	10	2	12

*Adjustments to SAR 90 reflect data on investigative cases that became available following the close of the reporting period.

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

Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
FSA	<u>Inspection I24IL0174</u>	Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by NUC University Issued: April 4, 2025 Status: Open	\$0	\$0	\$0	5
FSA	<u>Flash F24GA0208</u>	FSA's Plan for Soliciting and Incorporating Stakeholders' Feedback in the 2025-2026 FAFSA Process Issued: April 17, 2025 Status: Closed	\$0	\$0	\$0	2
FSA	<u>Inspection I24IL0214</u>	Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by Spring Hill College Issued: May 13, 2025 Status: Closed	\$0	\$0	\$0	0
FSA	<u>Inspection I24IL0213</u>	Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by the University of Texas Permian Basin Issued: May 28, 2025 Status: Closed	\$0	\$0	\$0	0

Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
FSA	<u>Inspection</u> <u>I24IL0210</u>	Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by Joliet Junior College Issued: September 4, 2025 Status: Open	\$0	\$0	\$0	5
OFO	<u>Audit</u> <u>A25DC0225</u>	U.S. Department of Education's Compliance with Payment Integrity Information Reporting Requirements for Fiscal Year 2024 Issued: May 27, 2025 Status: Unresolved	\$0	\$0	\$0	1
OCIO	<u>Audit</u> <u>A25IT0212</u>	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2025 Issued: July 31, 2025 Status: Resolved	\$0	\$0	\$0	5
OESE	<u>Flash</u> <u>F25CA0219</u>	State and Local Educational Agencies' Use of Digital Wallet-Related Technologies and Services Issued: June 11, 2025 Status: Closed	\$0	\$0	\$0	0
OESE	<u>Audit</u> <u>A24NY0195</u>	Wisconsin Department of Public Instruction's Administration and Oversight of Emergency Assistance to Nonpublic Schools Grant Funds Issued: September 29, 2025 Status: Open	\$21,157,618	\$297,477	\$0	7

Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
OESE	<u>Audit</u> <u>A24IL0199</u>	The Connecticut State Department of Education's Implementation of Selected Components of Connecticut's Statewide Accountability System Issued: September 29, 2025 Status: Open	\$0	\$0	\$0	3
OESE	<u>Audit</u> <u>A24IL0200</u>	The West Virginia Department of Education's Implementation of Selected Components of West Virginia's Statewide Accountability System Issued: September 29, 2025 Status: Open	\$0	\$0	\$0	3
OGC	<u>Inspection</u> <u>I24DC0196</u>	U.S. Department of Education's Nondisclosure Policies, Forms, and Agreements Issued: May 12, 2025 Status: Resolved	\$0	\$0	\$0	2
OPEPD	<u>Flash</u> <u>F25DC0240</u>	The Department's Compliance with Reprogramming and Transfer of Funds Requirements Issued: September 30, 2025 Status: Unresolved	\$0	\$0	\$0	1
Total	13	-	\$21,157,618	\$297,477	\$0	34

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	<u>Audit</u> <u>A23NY0143</u>	Federal Student Aid's Oversight of Contractor's Acceptability Review Process for Proprietary Institution Annual Audits	5	\$0
FSA	<u>Inspection</u> <u>I24DC0166</u>	FSA's Oversight of Section 117 Reporting Requirements	6	\$0
FSA	<u>Inspection</u> <u>I24DC0194</u>	FAFSA Simplification Act and Student Loan Forgiveness Initiatives Accounting	3	\$0
ODS	<u>Inspection</u> <u>I24DC0165</u>	The Department's Administration of the Reasonable Accommodation Program	13	\$0
Total	4	-	27	\$0



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	Inspection I05T0010	Inspection of the Department's Activities Surrounding the Sale of Postsecondary Schools to Dream Center Education Holdings	1	\$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	1	\$0
FSA	Inspection I23NY0150	Federal Student Aid's Performance Measures and Indicators for Returning Borrowers to Repayment	3	\$0
FSA	Audit A24FS0167	Final Independent Auditors' Report of Federal Student Aid's Financial Statements for Fiscal Year 2024	7	\$0
FSA	Audit A23NY0143	Federal Student Aid's Oversight of Contractor's Acceptability Review Process for Proprietary Institution Annual Audits	5	\$0
FSA	Inspection I24DC0166	FSA's Oversight of Section 117 Reporting Requirements	6	\$0
FSA	Inspection I24DC0194	FAFSA Simplification Act and Student Loan Forgiveness Initiatives Accounting	3	\$0

Office	Report Type and Number	Report Title	Number of Recs	Value of Potential Cost Savings
FSA	<u>Audit</u> <u>A03I0006</u>	Special Allowance Payments to Sallie Mae's Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations	3	\$22,378,905
FSA	<u>Audit</u> <u>A20IL0005</u>	Bais HaMedrash and Mesivta of Baltimore's Use of Professional Judgment	3	\$236,235
OCIO	<u>Audit</u> <u>A11U0001</u>	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2020	0	\$0
OCIO	<u>Audit</u> <u>A23IT0118</u>	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2023	1	\$0
OCIO	<u>Inspection</u> <u>I23IT0111</u>	Examination of the U.S. Department of Education's Incident Response Coordination Efforts	1	\$0
OCIO	<u>Audit</u> <u>A24IT0153</u>	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2024	2	\$0
OESE	<u>Audit</u> <u>A05S0001</u>	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	<u>Flash</u> <u>F19GA0027</u>	Puerto Rico Department of Education's Unallowable Use of Temporary Emergency Impact Aid for Displaced Students Program Funds for Payroll Activities	2	\$0
OESE	<u>Audit</u> <u>A21IL0034</u>	Effectiveness of Charter School Programs in Increasing the Number of Charter Schools	1	\$0
OESE	<u>Inspection</u> <u>I23DC0112</u>	The Department's Approval of Alternate Assessment Waivers and Extensions	1	\$0

Office	Report Type and Number	Report Title	Number of Recs	Value of Potential Cost Savings
OESE	<u>Audit</u> <u>A02T0001</u>	Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program	10	\$12,366,942
OESE	<u>Audit</u> <u>A06T0001</u>	Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program	5	\$34,065
OFO	<u>Audit</u> <u>A24NY0157</u>	U.S. Department of Education's Compliance with Payment Integrity Information Reporting Requirements	1	\$0
OFO	<u>Inspection</u> <u>I23DC0144</u>	The Department's Compliance with Whistleblower Protections for Contractor and Grantee Employees	2	\$0
OFO	<u>Audit</u> <u>A24FS0168</u>	Final Independent Auditors' Report of the U.S. Department of Education's Financial Statements for Fiscal Year 2024	7	\$0
OPEPD	<u>Audit</u> <u>A09R0008</u>	Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints	2	\$0
OSERS	<u>Audit</u> <u>A23CA0140</u>	Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program	2	\$0
IES	<u>Audit</u> <u>A24DC0187</u>	The Department's Compliance with the Geospatial Data Act	3	\$0
ODS	<u>Inspection</u> <u>I24DC0165</u>	The Department's Administration of the Reasonable Accommodation Program	8	\$0
RMSD	<u>Audit</u> <u>A05D0017</u>	University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project	4	\$1,018,212
Total	29	-	95	\$36,034,359

Table 6. Report Made to the Head of the Establishment Under Section 406(c)(2) During the Reporting Period

Summary of Peer Review

On May 23, 2025, the then Acting Inspector General informed Secretary McMahon of the OIG's concerns regarding the Department's unreasonable denials and delays in providing the OIG access to documents, staff, and information in connection with the OIG's review of changes in Department staffing and operations. The review seeks to describe changes in staffing and operations at Department offices resulting from workforce optimization and cost efficiency initiatives. The Department claimed that the information the OIG requested is "deliberative information and the subject of ongoing administrative and court litigation, and therefore, cannot be provided at this time." The OIG shared with the Secretary that a claim that information is privileged or otherwise the subject of litigation is not a basis to withhold documents from the OIG, since the OIG is part of the Department. In addition, the Department insisted that an Office of General Counsel lawyer be present for any OIG interviews with Department staff, which is contrary to our longstanding practice as it could impact the completeness or reliability of the information provided. The OIG continues to work with the Department to resolve the matter.

Table 7. Description of Attempt by Agency to Interfere with OIG Independence During the Reporting Period.

Summary of Peer Review

On May 23, 2025, the then Acting Inspector General informed Secretary McMahon of the OIG's concerns regarding the Department's unreasonable denials and delays in providing the OIG access to documents, staff, and information in connection with the OIG's review of changes in Department staffing and operations. The review seeks to describe changes in staffing and operations at Department offices resulting from workforce optimization and cost efficiency initiatives. The Department claimed that the information the OIG requested is, "deliberative information and the subject of ongoing administrative and court litigation, and therefore, cannot be provided at this time." The OIG shared with the Secretary that a claim that information is privileged or otherwise the subject of litigation is not a basis to withhold documents from the OIG, since the OIG is part of the Department. In addition, the Department insisted that an Office of General Counsel (OGC) lawyer be present for any OIG interviews with Department staff. This issue impacted another OIG review: the OIG's review of the Department's external audit follow-up process. The review seeks to evaluate Department controls to ensure corrective actions have been taken in response to OIG-issued reports of external grantees. Specifically, the Department insisted that an OGC lawyer be present for any OIG interviews with Department staff as the matter is related to pending litigation. Having an OGC lawyer present is contrary to our longstanding practice as it could impact the completeness or reliability of the information provided. The OIG continues to work with the Department to resolve this access matter.

The access issues highlighted in the OIG's May 23, 2025, notification to Secretary McMahon (see above) impacted the OIG's review of the Department's external audit follow-up process. The review seeks to evaluate Department controls to ensure corrective actions have been taken in response to OIG-issued reports of external grantees. Specifically, the Department insisted that an OGC lawyer be present for any OIG interviews with Department staff as the matter is related to pending litigation. Having an OGC lawyer present is contrary to our longstanding practice as it could impact the completeness or reliability of the information provided. The OIG continues to work with the Department to resolve this access matter.

Table 8. Summaries of Significant Investigations Closed April 1, 2025, through September 30, 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 Chief Executive Officer, Divers Academy International (NJ)	Student Aid Fraud	Semiannual Report to Congress, No. 84 , page 17
Former Owner, Jolie Hair Academy (VA)	Student Aid Fraud	Semiannual Report to Congress, No. 90 , page 7
Former Bridges Academy Charter School Officials (NC)	K-12 Fraud	Semiannual Report to Congress, No. 90 , page 15
Former New Jersey-Based Law School Dean and Conspirators (NJ)	Student Aid Fraud	Semiannual Report to Congress, No. 90 , page 6
Nurse Practitioner/Total and Permanent Disability (NY)	Student Aid Fraud	Semiannual Report to Congress, No. 90 , page 10
North Carolina-Based Student Aid Fraud Ring (NC)	Student Aid Fraud	This Semiannual Report to Congress, page 8
Former Puerto Rico Department of Education Vendor (PR)	K-12 Fraud	This Semiannual Report to Congress, page 16
Former Valentine Independent School District Official (TX)	K-12 Fraud	Semiannual Report to Congress, No. 90 , page 15
Former Florida High School Bookkeeper Sentenced (FL)	K-12 Fraud	This Semiannual Report to Congress, page 18



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