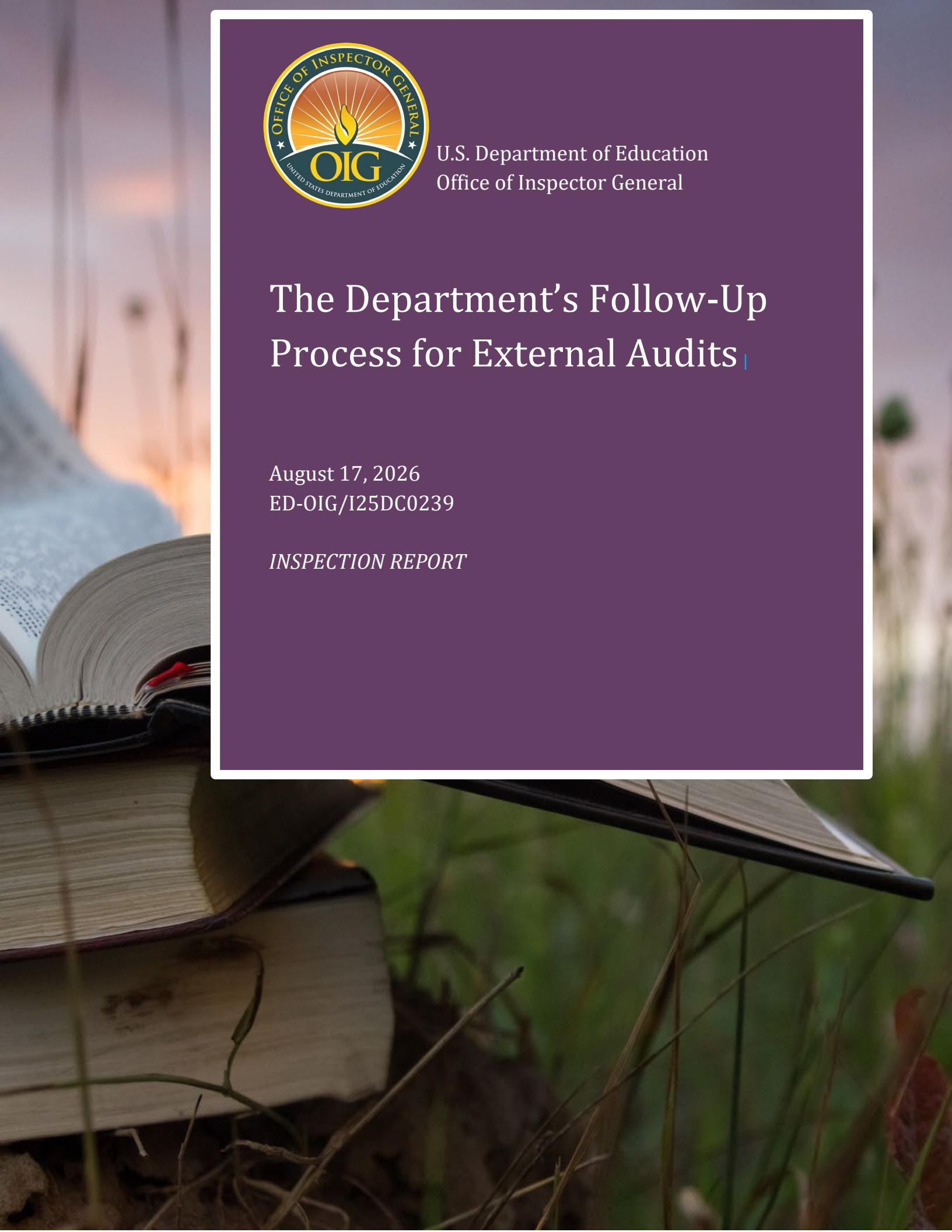


U.S. Department of Education
Office of Inspector General

The Department's Follow-Up Process for External Audits

August 17, 2026
ED-OIG/I25DC0239

INSPECTION REPORT

NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.

August 17, 2026

TO: Casey K. Sacks, Ph.D.
Delegated the Duties of Chief Financial Officer
Office of Finance and Operations

FROM: Keith Cummins /s/
Assistant Inspector General for Audit

SUBJECT: Final Inspection Report, "The Department's Follow-Up Process for External Audits," Control Number ED-OIG/I25DC0239

Attached is the subject final inspection report that consolidates the results of our review of the Department's follow-up process for external audits. We received your comments in response to our draft report.

U.S. Department of Education policy requires that you submit a corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on recommendations that have not been completed after 6 months from the date of issuance.

We appreciate your cooperation during this inspection. If you have any questions, please contact Michele Weaver-Dugan at (202) 245-6941 or Michele.Weaver-Dugan@ed.gov.

Attachment

U.S. Department of Education, Office of Inspector General

Results in Brief

The Department's Follow-Up Process for External Audits

Why Did the OIG Perform this Work?

The Office of Management and Budget (OMB) Circular A-50, "Audit, Inspection, or Evaluation Follow-Up," requires agencies to establish processes to ensure the prompt and proper resolution of audit, inspection, or evaluation recommendations and implementation of corrective actions. These processes must provide for a complete record of actions taken on both monetary and nonmonetary findings and recommendations. Corrective actions taken to resolve findings and recommendations are essential to managing risk and improving the effectiveness and efficiency of government operations.

The Office of Inspector General's (OIG) previous report on the U.S. Department of Education's (Department) follow-up process for external audits found that the process was not always effective and the Department did not have assurance that corrective actions were taken and issues noted in OIG audits were corrected.

The objective of our inspection was to evaluate the Department's controls to ensure that agreed-upon corrective actions have been taken in response to OIG-issued external audit reports and alternative products, for the period October 1, 2019, through September 30, 2024.

Scope Limitation

The Department did not provide all requested information or permit unfettered access to Department staff, which limited our ability to fully address our review objective.

What Did the OIG Find?

We found that the Department's follow-up process for external audits and alternative products issued by the OIG was generally effective for the period reviewed. Specifically, the Department generally maintained complete documentation of corrective actions taken in response to OIG recommendations; followed required closure processes; and demonstrated improvement, although inconsistently, in the overall timeliness of audit closure compared to prior OIG findings.

However, it is unclear which Department office, if any, now oversees external audit follow-up and closure activities, since the office previously responsible for this function was effectively eliminated following the Department's workforce optimization efforts in early 2025. We noted that no external OIG audits have been closed since January 2025 even though several audits have been resolved and appear ready for closure.

What Is the Impact?

Uncertainty regarding how the audit follow-up process is currently operating, and the lack of activity in this area since early 2025, increases the risks associated with external entities' program management and their potential misuse of funds. Delayed or incomplete follow-up also increases the likelihood that external entities will continue operating with known weaknesses. If new staff are assigned without proper training, the Department may be unable to effectively ensure that agreed-upon corrective actions have been taken in compliance with OMB Circular A 50 requirements.

What Are the Next Steps?

We made three recommendations to the Chief Financial Officer to ensure the effectiveness of the external audit follow-up process.

We provided a draft of this report to the Department for comment. The Department did not state whether it agreed or disagreed with the finding. However, it agreed or generally agreed with the recommendations. We summarize the Department's comments at the end of the finding and provide the full text of the comments at the end of the report (see Department Comments).

Table of Contents

Introduction 1

Finding. The Department's Audit Follow-Up Process Was Generally Effective But Current Operations Are Unclear 5

Appendix A. Scope and Methodology 12

Appendix B. Acronyms and Abbreviations 15

Department Comments 16

Introduction

Scope Limitation

The Inspector General Act (5 U.S.C. §§ 401–424) provides the Office of Inspector General (OIG) with authority to conduct audits, inspections, evaluations, and related reviews, and to access the information needed to carry out these responsibilities. Consistent with these authorities, the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) *Quality Standards for Inspection and Evaluation* require that any limitations be described so that readers have context for the findings, conclusions, and recommendations.

During the conduct of this review, the U.S. Department of Education (Department) did not provide OIG with all requested information or full access to staff, which constrained our ability to fully address the review objective. The Department did not provide a current organizational chart or a list identifying the individuals and groups responsible for overseeing the external audit follow-up process. In addition, scheduled interviews with Department staff were repeatedly postponed, and the Department requested the presence of attorneys from the Office of the General Counsel (OGC). Because longstanding OIG practice limits attorney attendance or participation unless specifically requested by OIG, this requirement further restricted our ability to gather complete information.

As a result, our work relied primarily on documentation available in the Department's Audit Accountability and Resolution Tracking System (AARTS)[1] and on policies and procedures posted on the Department's intranet. These constraints limited the scope of the information available for this review.

Background

The Office of Management and Budget (OMB) Circular A-50, "Audit, Inspection, or Evaluation Follow-Up,"[2] (Circular) requires agencies to establish processes to ensure the prompt and proper resolution of audit, inspection, or evaluation recommendations and

[1] AARTS is the Department's web-based application designed to assist Department officials and staff with audit and audit follow-up reporting. The Office of Finance and Operations maintains AARTS, but all Department staff involved in audit resolution and closure may access the data.

[2] OMB Circular No. A-50, "Audit Followup," dated September 29, 1982, was rescinded and replaced with OMB Circular A-50, M-25-01, "Audit, Inspection, or Evaluation Follow-Up," dated November 7, 2024. We noted no substantive changes that would be pertinent to this review.

implementation of corrective actions. These processes must provide for a complete record of actions taken on both monetary and nonmonetary findings and recommendations. The Circular states that the resolution and follow-up of audit, inspection, and evaluation recommendations is an integral part of effective management and is a shared responsibility of agency management officials and auditors. The Circular also states that corrective actions taken by management to resolve findings and recommendations are essential to managing risk and improving the effectiveness and efficiency of government operations, and that each agency must establish processes to ensure the prompt and proper resolution of audit, inspection, or evaluation recommendations and implementation of corrective actions.

The Circular requires that each agency head designate a top management official to oversee audit, inspection, and evaluation follow-up, including resolution and corrective action. The Department's designated follow-up official is the Office of Finance and Operations' (OFO) Chief Financial Officer (CFO). The Grants Risk Management Services Division (GRMSD) within OFO's Office of Grants Management was given primary responsibility for various aspects of the process, including oversight and approval of the closure of OIG external audits.[3]

The Department established the "Handbook for External Post Audit Process" (ACSH-OFO-007), dated July 3, 2019 (Handbook), to provide policies and procedures for the resolution and closure of all external audits received by the Department. External audits are of entities that receive funding from the Department, such as State educational agencies, local educational agencies, institutions of higher education, contractors, and nonprofit organizations. The audits serve the interests of the Department by reporting whether grant or cooperative agreement terms and conditions are fulfilled; applicable statutes, regulations, standards, budgetary requirements, and policies and procedures are followed; and fiscal and other operations are conducted in a legal, efficient, and economical manner. External OIG audit reports generally include recommendations for Department management to require the external entity to take corrective action. These recommendations may be either monetary, recommending that the entity return funds to the Department, or nonmonetary, recommending that the entity improve operations, systems, or internal controls. The resolution process begins with the issuance of a final report.

[3] Throughout this report, references to "audit" include inspections and evaluations.

An external audit is considered resolved when the Department issues a program determination letter (PDL)[4] to the external entity that is agreed to by the OIG. Upon resolution, the Department is responsible for follow-up to ensure that corrective actions required by the PDL are actually taken. An external audit is considered closed when the Department ensures that all corrective actions have been taken, including funds repaid. The Handbook states that the CFO is responsible for ensuring that a system of Cooperative Audit Resolution[5] and follow-up is documented and in place, including follow-up to ensure corrective actions are implemented.

The Handbook notes specific responsibilities of the Assistant Secretaries or designated Action Officials in Department offices that include

- monitoring auditees to ensure implementation of recommendations in program determinations;
- ensuring that cooperative audit resolution and follow-up staff are appropriately trained; and
- requesting closure of an audit by submitting a closure package, consisting of three required forms and a Request for Closure/Certification Memo, to the Director of GRMSD, via AARTS, when all findings are resolved, there are no outstanding requests for corrective actions, and no monetary amounts are under appeal or in collection.

The Handbook also notes that GRMSD is specifically required to, among other responsibilities, monitor the Department's compliance with OMB Circular A-50, review documentation of implemented corrective actions for external OIG audits to ensure documents are maintained, uploaded into AARTS, and support closure of the findings and recommendations, and approve closure of OIG external audits.

[4] A PDL is an official written notice or management decision from an authorized Department management official to an audited recipient that sets forth the Department's decisions on findings in an audit report, including all necessary actions and repayment of funds for which the recipient is responsible.

[5] OMB Uniform Guidance at 2 CFR 200.25, defines Cooperative Audit Resolution as the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal agency and the non-Federal entity.

In July 2016, the OIG issued a report titled "Audit of the Department's Followup Process for External Audits" (Control Number ED-OIG A19O0001).[6] The OIG reported that the Department office responsible for the external audit follow-up process did not ensure compliance with applicable requirements and the overall effectiveness of the Department's audit resolution and follow-up system. Audits were not closed in a timely manner, adequate documentation supporting implementation of requested corrective actions was not always maintained, and responsible staff were not familiar with the Department's audit follow-up policies and procedures—thereby increasing the risk that Department programs might not be effectively managed and funds might not be used as intended.

[6] See https://oig.ed.gov/sites/default/files/reports/2025-06/a19o0001.pdf.

Finding. The Department's Audit Follow-Up Process Was Generally Effective But Current Operations Are Unclear

We found that the Department's follow-up process for external audits and alternative products issued by the OIG was generally effective for external audits closed between October 1, 2019, and September 30, 2024. During this period, we found that the Department established a documented follow-up system that included a complete record of actions taken on both monetary and nonmonetary findings and recommendations. Specifically, we found that documentation of corrective actions taken in response to OIG recommendations was generally maintained, and the required closure processes were followed. Additionally, we found that the Department should continue to prioritize the timeliness of closing external audits.

However, the workforce optimization efforts that the Department undertook between January and March 2025[7] effectively resulted in the elimination of GRMSD. Since then, the Department's audit follow-up operations have become unclear and appear largely inactive. There have been no closures of OIG external audits since January 2025.

Follow-Up and Closure Activities

We found that the Department generally conducted follow-up and closure activities as required for the 28 audits reviewed. This included maintaining adequate supporting documentation in the AARTS eFolder[8] of corrective actions taken in response to OIG recommendations, as required by the applicable PDL, as well as conducting closure activities in accordance with applicable policies and procedures.

During our review, we evaluated the Department's AARTS data to determine the number of external OIG audits that were closed between October 1, 2019, and September 30, 2024. We identified 28 audits with associated monetary

[7] The Department's workforce optimization efforts, initiated in response to Executive Order 14210, "Implementing the President's 'Department of Government Efficiency' Workforce Optimization Initiative," consisted of both voluntary and involuntary separations, through the use of the deferred resignation program, Voluntary Early Retirement Authority, Voluntary Separation Incentive Payments, and a reduction in force.

[8] The eFolder in AARTS is a repository for the documentation of follow-up activities, including documentation supporting corrective actions taken and other Department-produced closure activity documentation. It is divided into nine different subfolders to organize the documentation. AARTS also utilizes an activity log to capture the date of closure activities.

recommendations totaling $16,173,487 that were closed during this time period. Of the 28 audits, 18 (64 percent) included a PDL issued by the Department that did not require any further corrective actions from the external entity.[9] The 10 remaining audits included 62 recommendations requiring further corrective actions, 27 of which were monetary recommendations totaling $2,724,770.

We found that the Department did not maintain adequate documentation to support corrective actions taken for 2 of the 62 recommendations (3 percent). This included monetary recommendations totaling $225,064, for which adequate documentation was not maintained to support the return of funds to the Department. We also found that a required closure checklist was not fully completed for one of the audits reviewed.

Timeliness of Closure

Of the 28 audits reviewed, 12 (43 percent) were closed more than 1 year after resolution, 5 (18 percent) were closed more than 2 years after resolution, and 2 (7 percent) were closed more than 5 years after resolution, as depicted in Table 1.

Table 1. Count and Percentage of Closed Audits by Elapsed Time Between Resolution and Closure

Elapsed Time	Number of Audits	Percentage of Audits	Monetary Recommendations	Percentage of Monetary Recommendations
More than 72 months	1	4%	$6,458	< 1%
61–72 months	1	4%	$1,795,500	11%
49–60 months	1	4%	$0	0%
37–48 months	1	4%	$0	0%
25–36 months	1	4%	$115,776	1%
12–24 months	7	25%	$7,644,726	47%

[9] Required actions were noted as being completed during resolution, prior to issuance of the PDL.

Elapsed Time	Number of Audits	Percentage of Audits	Monetary Recommendations	Percentage of Monetary Recommendations
Less than 12 months	16	57%	$6,611,027	41%
Total	**28**	**100%**	**$16,173,487**	**100%**

Of the 10 audits requiring further action, 5 were closed within 2 years of resolution, while the other 5 were closed 2 or more years after resolution. The 18 audits requiring no further corrective action were closed within 2 years of resolution. See Tables 2 and 3.

Table 2. Count and Percentage of Closed Audits by Elapsed Time Between Resolution and Closure—PDL Required Further Action

Elapsed Time	Number of Closed Audits	Percentage of Audits	Monetary Recommendations	Percentage of Monetary Recommendations
More than 72 months	1	10%	$6,458	<1%
61–72 months	1	10%	$1,795,500	66%
49–60 months	1	10%	$0	0%
37–48 months	1	10%	$0	0%
25–36 months	1	10%	$115,776	4%
12–24 months	1	10%	$0	0%
Less than 12 months	4	40%	$807,036	30%
Total	**10**	**100%**	**$2,724,720**	**100%**

Table 3. Count and Percentage of Closed Audits by Elapsed Time Between Resolution and Closure—PDL Did Not Require Further Action

Elapsed Time	Number of Closed Audits	Percentage of Audits	Monetary Recommendations	Percentage of Monetary Recommendations
More than 72 months	0	0%	$0	0%
61–72 months	0	0%	$0	0%
49–60 months	0	0%	$0	0%
37–48 months	0	0%	$0	0%
25–36 months	0	0%	$0	0%
12–24 months	6	33%	$7,644,726	57%
Less than 12 months	12	67%	$5,803,991	43%
Total	**18**	**100%**	**$13,448,717**	**100%**

Further, we noted that the median[10] timeliness of closure was 427 days for the most recent fiscal year reviewed (2024), with a range of 34 to 869 days. See Table 4.

Table 4. Median Days Between Audit Resolution and Closure by Fiscal Year

Fiscal Year of Audit Closure	Number of Closed Audits	Range of Days Between Audit Resolution and Closure	Median Number of Days Between Audit Resolution and Closure
2020	2	189–356	273
2021	8	7–3,105	339

[10] We used the median to reduce the potential impact of extreme values.

Fiscal Year of Audit Closure	Number of Closed Audits	Range of Days Between Audit Resolution and Closure	Median Number of Days Between Audit Resolution and Closure
2022	6	25–1,976	139
2023	3	20–495	363
2024	9	34–869	427

While there is no specific timeliness metric defined in OMB or Department guidance, we noted that the overall timeliness of audit closure has improved since our last report on the Department's external audit follow-up process in July 2016; however, the time between resolution and closure has not shown consistent improvement and increased during fiscal years 2023 and 2024. We also noted that a significant number (64 percent) of the audits closed during the time period we reviewed did not have any corrective actions noted in the PDL, which should have required less time for follow-up and closure. The median number of days between resolution and closure for these products was 139, with a range of 7–665 days.

Department Workforce Optimization Efforts and Impact on GRMSD

The Department's early 2025 implementation of its workforce optimization efforts resulted in GRMSD having no remaining employees and left the Department without a clearly defined office responsible for oversight of external audit follow-up and closure. When asked to identify the office now responsible for these activities, Department officials did not provide this information. Since GRMSD's elimination, no external OIG audits have been closed, even though several audits appear ready for closure based on AARTS documentation.

As of May 19, 2026, AARTS showed that five external OIG audits had been resolved but were not yet closed.[11] Of these five, one had a request for closure sent in March 2025; two appear to have had all documentation uploaded in AARTS as of February 2025, including required closure-related documentation; one had a final settlement agreement uploaded in January 2025; and one was noted as being under appeal. An additional 20 external OIG products were noted as overdue for resolution.

[11] Resolution dates fall between November 2006 and October 2024.

OMB Circular A-50 requires agencies to establish processes to ensure the prompt and proper resolution of audit, inspection, or evaluation recommendations and timely implementation of corrective actions that agency management has concluded are necessary. These processes must provide for a complete record of actions taken on both monetary and nonmonetary findings and recommendations.

We found that the Department's follow-up process for external audits was generally effective during the period reviewed. This effectiveness was due to controls implemented to ensure that external entities took corrective actions. These controls included detailed written policies and procedures, a structured review process prior to closure, and required maintenance of all supporting documentation in AARTS. However, due to the scope limitation, we were unable to determine why adequate support was not maintained for the two recommendations mentioned above or the reasons for the noted concerns regarding timeliness.

The purpose of the external audit follow-up process is to ensure the prompt and proper resolution of audits and the implementation of corrective actions, which are essential for ensuring effective program management and the proper use of Department funds. Currently, there is uncertainty about how this process operates, as it is unclear what office, if any, is responsible for managing follow-up activities, and there has been a lack of closure activities since early 2025. This situation increases the risks associated with external entities' program management and their potential misuse of funds. The identified deficiencies may persist, and Department funds may not be adequately protected. Further, if the newly assigned personnel responsible for managing follow-up activities are not properly trained, the process may not function effectively, undermining confidence that corrective actions have been successfully completed.

Recommendations

We recommend that the Chief Financial Officer—

1.1 Update the Department's "Handbook for External Post Audit Process" to identify and define the roles and responsibilities of the office or division within OFO that will be responsible for supporting the audit follow-up official in managing and overseeing the external audit follow-up process.

1.2 Ensure that the staff of the office or division that will be responsible for managing the external audit follow-up process are properly trained and effectively implement the requirements for follow-up and closure, including timeliness.

1.3 Properly close, as soon as possible, the five open audits identified in the report for which resolution has long since been completed.

Department Comments

The Department did not state whether it agreed or disagreed with our finding. However, it agreed or generally agreed with the recommendations.

The Department generally agreed with Recommendation 1.1, stating that while its staffing and resources are different from what they were for the period reviewed by the OIG, it has had to consider and find new innovations and methodologies to encounter the work more efficiently. The Department stated that it agrees that these should be reflected when it updates its next version of the Handbook.

The Department agreed with Recommendation 1.2, noting that it will continue to ensure that well-qualified Department staff are trained to effectively execute the external audit resolution process. It also agreed with Recommendation 1.3, stating that it will close the five audits that the OIG identified as resolved but not yet closed as soon as possible.

OIG Response

The Department's proposed corrective actions, if implemented as described, are responsive to our recommendations.

Appendix A. Scope and Methodology

Our inspection covered the Department's external audit follow-up process for OIG-issued external audits that were closed from October 1, 2019, to September 30, 2024. To answer our objective, we reviewed the laws, regulations, and policies applicable to the Department's audit follow-up process for external audits, including OMB Circular A-50 and the Department's "Handbook for External Post Audit Process," dated July 3, 2019. We also reviewed prior OIG and other Federal agency reports relevant to our objective.

As noted, we were presented with a scope limitation for our inspection due to the Department not providing all requested information to the OIG or permitting us unfettered access to Department staff, which limited our ability to fully address our review objective. Due to these limitations, our review was limited to the documentation and information we were able to obtain from AARTS and policies and procedures available on the Department's intranet site.

We identified a total of 28 OIG-issued external audits that were closed in AARTS between October 1, 2019, and September 30, 2024.[12] These 28 audits contained 163 recommendations; 149 of these recommendations were directed to the external auditees.[13] The Department offices responsible for resolution and closure of the 28 products were OFO, the Office of Elementary and Secondary Education (OESE), the Office of Special Education and Rehabilitative Services (OSERS), and Federal Student Aid (FSA). See Table 5 for a summary of the closed products and recommendations by Department office.

Table 5. Closed Audits and Recommendations by Department Office

Department Office	Number of Closed Audits	Total Recommendations	Recommendations Directed to Auditees
OESE	10	60	60
OSERS	2	7	7
FSA	6	37	30

[12] We identified one additional audit falling within our scope that was not included in our review as it did not include any recommendations for the auditee to address.

[13] The remaining 14 recommendations were directed to Department officials and were excluded as they did not fall under the scope of this review.

Department Office	Number of Closed Audits	Total Recommendations	Recommendations Directed to Auditees
OFO	10	59	52
Total	**28**	**163**	**149**

We reviewed the final PDL maintained in AARTS for each of the 28 audits. As noted in the finding, 18 of the 28 audits included a final PDL issued by the Department that did not require any further corrective action from the external entity due to actions taken during audit resolution, prior to PDL issuance. The 10 remaining audits included 62 recommendations requiring further corrective action from the external entity. See Table 6 for a summary of the recommendations that required further action after the issuance of the PDL.

Table 6. Recommendations Requiring Further Actions After PDL Issuance

Department Office	Number of Audits	Recommendations Required Corrective Actions After PDL Issuance
OESE	3	23
OSERS	0	0
FSA	4	22
OFO	3	17
Total	**10**	**62**

We evaluated documentation maintained in AARTS for each of the 62 recommendations to determine whether the Department maintained adequate documentation to support corrective action implementation and whether applicable closure procedures were followed.

Use of Computer-Processed Data

We relied on computer-processed data and information obtained from the Department's AARTS. Specifically, we used AARTS to identify OIG-issued external audits closed during the scope period. We also used documentation stored in AARTS to determine whether required Department procedures related to the closure of audits had been followed and supported corrective actions taken. Because AARTS is the Department's system of record for such information and is widely used and relied on by Department officials, we did not assess its reliability, accuracy, or completeness. We

considered it to be the best available data and sufficiently reliable for the purpose of our review.

We conducted this inspection from June 2025 through April 2026. We discussed the results of our review with Department officials on April 8, 2026, and provided them with a draft of this report on June 11, 2026.

Compliance with Standards

We conducted our work in accordance with the CIGIE "Quality Standards for Inspection and Evaluation." Those standards require that we plan and perform our work to obtain sufficient and appropriate evidence to support our findings and provide a reasonable basis for our conclusions. We believe that the evidence obtained provides a reasonable basis for our conclusions.

Appendix B. Acronyms and Abbreviations

AARTS	Audit Accountability and Resolution Tracking System
CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Circular	OMB Circular A-50, "Audit, Inspection, or Evaluation Follow-Up"
Department	U.S. Department of Education
FSA	Federal Student Aid
GRMSD	Grant Risk Management Services Division
Handbook	Handbook for External Post Audit Process
OESE	Office of Elementary and Secondary Education
OFO	Office of Finance and Operations
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSERS	Office of Special Education and Rehabilitative Services
PDL	program determination letter

Department Comments

UNITED STATES DEPARTMENT OF EDUCATION

MEMORANDUM

DATE: July 15, 2026

TO: Keith Cummins
Assistant Inspector General for Audit
Office of Inspector General

Michelle Weaver-Dugan
Director, Internal Operations
Oversight Team
Office of Inspector General

FROM: Mark Washington [redacted]
Deputy Assistant Secretary for Enterprise Operations
Delegated Authority to Perform Functions and Duties of
Deputy Chief Financial Officer

SUBJECT: Response to Draft Inspection Report "The Department's Follow up Process for External Audits," Control Number ED-OIG/I25DC0239

We appreciate the additional time provided to respond to the subject Draft Inspection Report. The following are the Department's responses to each finding and recommendations.

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Overall Comments

The Department appreciates the Office of Inspector General's (OIG's) review of the external audit process. The Department also acknowledges and values the OIG's recognition of its follow-up process for external audits, which was generally effective during the period reviewed. This effectiveness was due to controls implemented to ensure that external entities took corrective actions.

Finding. The Department's Audit Follow-up Process Was Generally Effective but Current Operations Are Unclear

OIG Recommendation 1.1

We recommend that the Chief Financial Officer—

1.1 Update the Department's "Handbook for External Post Audit Process" to identify and define the roles and responsibilities of the office or division within OFO that will be responsible for supporting the audit follow-up official in managing and overseeing the external audit follow-up process.

Department's Response to Finding 1.1:

The Department concurs with the OIG recommendation, generally. The Department continues to work with several of its policies, programmatic, legal, and operational business units, to address and resolve external audits that are new and outstanding. While our staffing and resources are different from what they were for the period of observation in this audit, the Department has had to consider and find new innovations and methodologies, to encounter the work more efficiently. We agree these should be reflected when the Department updates its next version of the "Handbook for Post Audit Process."

OIG Recommendation 1.2:

1.2 Ensure that the staff of the office or division that will be responsible for managing the external audit follow-up process are properly trained and effectively implement the requirements for follow-up and closure, including timeliness.

Department's Response to Finding 1.2

The Department concurs with the OIG recommendation. The Department will continue to ensure that well-qualified Department staff are trained to effectively execute the external audit resolution process.

OIG Recommendation 1.3

1.3 Properly close, as soon as possible, the five open audits identified in the report for which resolution has long since been completed.

Department's Response to Finding 1.3

The Department concurs with the OIG recommendation and will close the highlighted audits as soon as possible.

If there are related questions, or for additional information regarding this response, please contact Mark. Washington at Mark.Washington@ed.gov or Carolyn Dempster at Carolyn.Dempster@ed.gov.