



# Semiannual Report to Congress, No. 81

April 1, 2020–September 30, 2020

U.S. Department of Education  
Office of Inspector General

Office of Inspector General  
Sandra D. Bruce  
Acting Inspector General

November 2020

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# Message from Acting Inspector General Sandra D. Bruce

On behalf of the employees of the U.S. Department of Education (Department) Office of Inspector General (OIG), I want to once again acknowledge the extraordinary actions Americans are taking to protect themselves, their loved ones, and our nation's citizens in the fight against the spread of coronavirus disease 2019 (COVID-19). We are particularly grateful to America's teachers and education professionals for their unwavering commitment to their students and their herculean efforts to keep educating through whatever means possible. To the students: we continue to admire your fortitude, and the patience, flexibility, and creativity that you and your families have shown as we take the necessary actions to keep our nation safe.

We are indeed living and working through unprecedented times. That is why I am so proud to report that the OIG is rising to the challenge, effectively carrying out its responsibilities on behalf of America's taxpayers and students. To ensure the health and safety of OIG employees, and to provide for the seamless continuity of OIG business operations during the COVID-19 pandemic, we have been maximizing telework since March 16, 2020, with an exception for our criminal investigators working on mission-essential activities. We are working closely with those we audit and review and have found ways to conduct our oversight efforts, adjusting as necessary when our auditees must address more immediate crises related to the pandemic and their students. OIG criminal investigators continue to work with their law enforcement partners at the local, State, and Federal levels, taking precautions to keep themselves and all involved in the criminal justice process as safe as possible. You will find results of the efforts of our staff in the pages of this Semiannual Report, which presents the activities and accomplishments of the OIG from April 1, 2020, through September 30, 2020.

In our audit-related work, we issued nine reports with recommendations aimed at improving Department programs and operations. Examples of this audit work include the following.

- We issued three products specific to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In September, we issued a

management information report to provide the OIG's perspective on challenges the Department may face as it implements and oversees the CARES Act. We identified challenges related to grantee oversight and monitoring, student financial assistance oversight and monitoring, and data quality and reporting, and encouraged the Department to remain alert and take necessary actions related to these challenges to reduce vulnerabilities to fraud, waste, abuse, noncompliance, and other issues that could impact CARES Act grantees', subgrantees', and student financial assistance program participants' ability to achieve the intended results. We also issued a CARES Act oversight plan, highlighting the subject areas that would be included in the OIG's body of work, and a high-level summary report highlighting the most significant management challenges facing the Department related to coronavirus emergency relief and response efforts. This summary was included in an overall report issued by the Pandemic Response Accountability Committee on challenges the Federal government faces related to the CARES Act.

- For the second year in a row, we found that the Department complied with the Improper Payments Elimination and Recovery Act of 2010 because it met each of the six compliance requirements. However, we also found that the Department published improper payment estimates that were unreliable in its fiscal year (FY) 2019 Agency Financial Report for the Federal Pell Grant and William D. Ford Federal Direct Loan programs, as well as for the Temporary Emergency Impact Aid for Displaced Students program.
- The OIG issued the first in a planned series of audits to determine whether selected schools have controls in place to ensure that they report complete and accurate campus crime statistics under the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act). The report involved the University

of North Georgia and found that the school did not have effective controls to ensure that it reported complete and accurate Clery Act crime statistics. As a result, the school did not provide reliable information to current and prospective students, their families, and other members of the campus community for making decisions about personal safety and security.

- Our audit of the Department's Every Student Succeeds Act State plan review and approval processes, specifically focusing on three sections of State plans that the law required the Department to peer review, found that the Department designed review and approval processes that were sound; however, it did not implement all of the processes as designed. As a result, we could not determine why the Department selected certain peer reviewers, could not always determine whether the Department considered the results of the peer review process when providing feedback on one specific section of some State plans, and could not ensure that the Department considered conflict of interest information it collected from peer reviewers before assigning them to panels, which could affect the integrity of the peer review processes.
- Our Grants Oversight and New Efficiency Act (GONE Act) risk assessment of the Department's grant closeout processes determined that the risk level of the Department's process was moderate and that an audit or review is warranted, as our review identified risks with the reliability of the Department's grant data and related GONE Act reporting.
- Our audit of the Department's processes for awarding and monitoring postsecondary grantees' uses of disaster recovery funds found that they were designed in accordance with applicable law, regulations, and Department policies, but were not all implemented. This resulted in the Department improperly awarding more than \$242,200 to about 27 percent of the grantees whose applications we reviewed. This included grants to (1) an ineligible grantee, (2) an applicant that identified itself as both the postsecondary school receiving displaced students and the postsecondary school affected by the disaster, (3) an applicant who omitted the required displaced student data on the

postsecondary school from which the student was displaced, (4) two applicants whose applications included unallowable costs, (5) an applicant who received approval for an indirect cost rate that was more than the allowable rate; and (6) one applicant for an amount greater than the applicant requested. In addition, the Department did not have reasonable assurance that grantees used grant funds only for allowable, reasonable, and necessary activities.

- Our audit of the Federal Student Aid office's (FSA) process for approving and rejecting total and permanent disability student loan discharges found that the process was conducted in accordance with Federal requirements; however, we also identified design weaknesses in FSA's processes that may negatively affect the operating efficiency and effectiveness of the process and increases the risk that FSA approves applications that are inaccurate or incomplete.

In our investigative work, we closed 54 investigations involving fraud or corruption and secured more than \$20 million in restitution, settlements, fines, recoveries, forfeitures, and estimated savings. As a result of this work, criminal actions were taken against numerous people, including current and former school officials who cheated students and taxpayers. Our investigative work included the following.

- A Federal grand jury in Puerto Rico returned a 98-count superseding indictment against the former Puerto Rico Secretary of Education and others for allegedly using their positions to benefit and enrich themselves with Federal funds. Two of the people who were charged in the original indictment pled guilty to their roles in the conspiracy in May.
- Criminal actions were taken in multimillion dollar fraud cases involving charter school officials. This included sentences for the former principal and vice principal of the now-closed Bradley Academy of Excellence in Arizona for their roles in a \$2.5 million fraud scheme and a guilty plea by the former head of the Community Preparatory Academy charter school for stealing more than \$3 million from the schools.
- The former Executive Director of the Mississippi Department of Education and three school

contractors were indicted on multiple charges for their roles in a bid-rigging and kickback scheme. The former Executive Director allegedly received kickbacks for using her position to help the contractors receive more than \$650,000 in award contracts from the State of Mississippi, including Federal funds granted by the Department to the Mississippi Department of Education.

- Criminal actions were taken against several college and university officials, including the former Bossier Parish Community College comptroller who pled guilty to conspiracy charges for using her position to access school computer systems to issue more than \$259,000 in student aid funds to her sister and other co-conspirators; and the owner of the Ohio Barber Academy who was indicted on charges related to a \$300,000 fraud scheme.
- The operator of the Halls of Knowledge home school was indicted for allegedly carrying out a scheme to fraudulently acquire \$700,000 in Federal student aid. The woman allegedly convinced people who lived and worked on the property where the school was located to apply for admissions to and receive Federal student aid from a community college. As a number of those people were ineligible to attend college or receive Federal student aid, the woman allegedly provided them with false information, including that they would receive a high school diploma and a laptop computer, promised they would not have to actually do the coursework, or promised they would not be responsible for paying back any student loans.
- Three men were indicted on charges of wire fraud, aggravated identity theft, and conspiracy for illegally obtaining the personally identifiable information (PII) of about 1,200 people from a Minnesota-based company that provided human resources and payroll services to numerous businesses. The three men allegedly used the PII to create fraudulent Free Application for Student Aid applications in order to obtain Internal Revenue Service tax information which they used to file fraudulent tax returns in the name of the victims.

This Semiannual Report also contains information on other efforts completed during this reporting period

specific to the OIG, including our required non-Federal audit-related work. Lastly, this report includes summary tables and tables containing statistical and other data as required by the Inspector General Act of 1978, as amended, and other statutes.

To the members of the U.S. Congress, we thank you for all that you are doing to help our nation during the pandemic, particularly through passage of the CARES Act. The OIG will fulfill its responsibilities set forth in the Act by ensuring that the funding provided to the Department and its grantees is used as intended and by investigating misuse, theft, or other criminal activity involving these funds. As a member of the Pandemic Response Accountability Committee established by the CARES Act, we will work tirelessly with our colleagues to help ensure that all of the funding you allotted is protected from fraud, waste, and abuse. Our nation deserves nothing less.

In closing, to all reading this report, thank you for your interest in and support of our efforts. Please stay well by taking appropriate action to protect yourselves, your loved ones, and your communities.



Sandra D. Bruce  
Acting Inspector General





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## Specialized Work— Coronavirus Relief Aid and Disaster Recovery

The U.S. Department of Education (Department) has been charged with allocating billions of dollars to help States, schools, and students impacted by the coronavirus disease 2019 (COVID-19), as well as those affected by the natural disasters over the last several years. These funds help States, schools, school districts, colleges, universities, and other institutions educate their students in these challenging times and return to full capacity when possible. The Office of Inspector General (OIG) has been charged with ensuring that these vital funds are used as required and reach the intended recipients, and with investigating misuse, theft, and other criminal activity involving these funds.



## Coronavirus Relief Aid

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Among its provisions, the CARES Act provides more than \$30 billion to assist States, K–12 schools, school districts, and institutions of higher education in meeting the needs of students impacted by the pandemic. The law also provides the OIG with \$7 million to carry out its oversight activities related to these funds. These efforts will include investigations, audits, and other reviews. You will find highlights of our work involving the CARES Act below.

### CARES Act Reviews and Reports

During this reporting period, we issued three products specific to the CARES Act, including a management information report on the OIG’s perspective on the challenges the Department may face in implementing and overseeing the CARES Act. A summary of this and the other CARES Act-related reports we issued follows.

#### *Challenges for the Department to Consider in Implementing and Overseeing the CARES Act*

In September, we issued a management information report to provide the OIG’s perspective on challenges the Department may face as it implements and oversees the CARES Act. In preparing this report, we reviewed recent audit work performed by OIG and the Government Accountability Office as well as OIG’s annual Management Challenges reports. We also reviewed challenges that the Department faced when administering education-related grant programs funded by the American Recovery and Reinvestment Act (Recovery Act). This included how the challenges were addressed and what lessons were noted as needing to be considered if legislation providing a large yet temporary funding increase for new or existing programs (like the Recovery Act) was enacted in the future. We identified challenges related to grantee oversight and monitoring, student financial assistance oversight and monitoring, and data quality and reporting that the Department should consider as it implements and oversees the CARES Act.

As presented in our report, oversight and monitoring may be a significant challenge for the Department given the vast number of entities that will receive education-related CARES Act funding, even as the Department must continue its efforts to

administer existing programs. Further, and specific to K–12 programs, because CARES Act funding for many programs will pass through primary recipients, such as Governors’ offices and State educational agencies, to subrecipients, such as local educational agencies (LEA) or other entities, primary recipients have a substantial and critical role in overseeing and monitoring subrecipients’ activities. As such, the Department must employ effective risk-based oversight and monitoring and provide timely and effective guidance and technical assistance. Specific to higher education, the Department will need to provide guidance to and rely on postsecondary institutions, contracted servicers, collection agencies, guaranty agencies, and accrediting agencies to effectively implement the CARES Act and related provisions. The Department must provide effective oversight and monitoring of the CARES Act provisions related to student financial assistance programs and participants to provide assurance that the programs are properly administered and are not subject to fraud, waste, and abuse. In addition, administering the programs and operations funded by the CARES Act will require the Department to collect, analyze, and report on data for many purposes, such as evaluating programmatic performance, assessing fiscal compliance, and informing management decisions. The Department, its grant recipients and subrecipients, and other program participants must have effective controls in place to ensure that CARES Act reported data are accurate and complete given the Department’s reliance on these data as part of its operations.

Just as it did under the Recovery Act, the Department may face significant challenges as it implements the many programs, provisions, and other time-sensitive and critical requirements of the CARES Act. As such, we encouraged the Department to remain alert and take necessary actions related to these challenges to reduce vulnerabilities to fraud, waste, abuse, noncompliance, and other issues that could impact grantees’, subgrantees’, and student financial assistance program participants’ ability to achieve intended results. In response to our report, the Department stated that unlike the Recovery Act, it was under enormous pressure by the CARES Act’s own terms to expeditiously distribute the funding and to do so with maximum flexibility, and that it did so on top of its already busy workload of awarding and disbursing grant funds in the ordinary course of business. [CARES Act Management Information Report](#)

### *CARES Act Oversight Plan, Management Challenges*

In April, the OIG issued its [CARES Act oversight plan](#), highlighting the subject areas that would be included in the OIG’s body of work. This includes auditing the Department and grantee management and spending of CARES Act funds, examining the effectiveness of the relief programs, and investigating misuse, theft, and other criminal activity involving CARES Act funds. In June, the OIG issued a [summary report](#) highlighting the most significant management challenges the Department may face related to coronavirus emergency relief and response efforts. The OIG’s summary report was included in the [Pandemic Response Accountability Committee report](#) highlighting the top challenges facing all agencies.

## CARES Act Investigations

During this reporting period, the OIG created [special posters](#) aimed at helping school employees from kindergarten through college identify and report potential fraud involving CARES Act funds. The posters highlight what CARES Act fraud could look like, such as missing school funds or property, grant award money that runs out too quickly, irregularities in contract awards, or undue influence by people in decision-making positions. In addition, the OIG established a new Special Investigations Unit with a dedicated focus on investigative work surrounding the CARES Act, as well as our ongoing disaster recovery investigative work. The unit will be conducting criminal investigations involving CARES Act and disaster recovery funding and will work closely with all OIG components to identify and address systemic vulnerabilities that affect the Department's compliance with requirements of the CARES Act and disaster recovery statutes. The unit will also conduct outreach, develop pipelines for information sharing, and coordinate OIG participation on Federal-State COVID-19 task forces and work groups. These task forces are a collective of Federal and State law enforcement and prosecutive entities combining their investigative power to quickly address fraud complaints and to identify, investigate, and prosecute fraud related to the pandemic, including unlawful hoarding, price-gouging, and a series of scams—vaccine, supply, charity, phishing, apps, and investment scams. A number of U.S. Attorney's Offices have issued [press releases](#) noting criminal and civil actions taken as a result of the work of the Task Forces.

## Pandemic Response Accountability Committee

The CARES Act established the Pandemic Response Accountability Committee (PRAC), composed of inspectors general from across the Federal government. The PRAC is tasked with conducting, coordinating, and supporting inspectors general in the oversight of more than \$2 trillion in emergency Federal spending to address the economic impacts of the COVID-19 pandemic. The CARES Act named nine specific agency inspectors general to the Committee, including the Department of Education. Acting Inspector General Sandra D. Bruce is representing the OIG on the Committee and is chairing the PRAC's subcommittee focused on Government Accountability Office and State and local oversight efforts. In June, Acting Inspector General Bruce



moderated the PRAC's first listening forum, titled "Stakeholder Perspectives on Oversight of the Federal COVID-19 Spending and Response." The forum provided stakeholders an opportunity to provide insights into specific areas where the PRAC should focus its oversight attention to enhance transparency and accountability over emergency pandemic funds. The speakers represented a cross-section of the pandemic response, including State and local government, businesses, financial institutions, the health care sector, nonprofits, and government transparency organizations. A video of the listening forum is available on the [PRAC website](#).

## Disaster Recovery

In 2018, the Bipartisan Budget Act of 2018 was signed into law, providing \$2.7 billion to assist K–12 schools, school districts, and institutions of higher education in meeting the educational needs of students affected by Hurricanes Harvey, Irma, and Maria and the California wildfires. This disaster assistance helps schools, school districts, colleges, universities, and other institutions return to their full capabilities as quickly and effectively as possible. The OIG plays a critical role in the Federal disaster recovery process. We are tasked with auditing Department grantee spending of disaster recovery funds, examining the effectiveness of recovery programs, and investigating misuse, theft, and other criminal activity involving these funds. Congress provided \$4 million to the OIG to carry out these oversight activities over the next several years.

Further, in June 2019, the Additional Supplemental Appropriations for Disaster Relief Act of 2019 was signed into law, providing \$165 million to assist educational entities in meeting the needs of students affected by the disasters that occurred in 2018 and 2019 and providing the OIG with an additional \$2 million to carry out related oversight activities.

Our work involving disaster recovery funds is well underway. OIG staff met with impacted State and territorial educational agencies, governments, and law enforcement officials to stress the importance of establishing strong accountability and oversight controls to protect disaster recovery funds from fraud, waste, and abuse. State and territorial schools, school districts, and institutions of higher education (which are the grantees and subgrantees receiving Federal funds) have a critical role in the process: they need to establish good internal controls to help ensure that they use these funds appropriately, as required by law. The OIG's role is equally important: we make sure that disaster recovery grantees and subgrantees design effective controls, spend the funds timely and for allowable purposes (including providing them only to eligible recipients), and achieve the intended results.

### Disaster Recovery Audits

During this reporting period, we issued two disaster recovery-related reports. The first audit involved provisions of the Bipartisan Budget Act of 2018 that set aside \$75 million to help defray the unexpected expenses associated with enrolling displaced students who attended postsecondary schools disrupted by a covered disaster or emergency and \$100 million to help postsecondary schools and students

attending postsecondary schools in an area directly affected by a covered disaster or emergency. Our audit looked at whether the Department designed and implemented processes to provide reasonable assurance that it awarded and monitored grantees' uses of these funds in accordance with the Bipartisan Budget Act of 2018, other Federal requirements, and Department policy. The audit specifically examined the Department's processes for awarding and monitoring grantees' uses of Defraying Costs of Enrolling Displaced Students in Higher Education Program (Defraying Costs) and Emergency Assistance to Institutions of Higher Education Program (Emergency Assistance) funds. You will find the results of our audit below. The second audit is another in our series of audits examining selected State educational agencies' Immediate Aid to Restart School Operations Program (Restart) funding. The audit sought to determine whether the Florida Department of Education established and implemented effectively designed internal controls for the administration of these funds. Restart funds assist LEAs with expenses related to restarting schools in areas affected by disasters. Recipients must use these funds to assist school administrators and personnel in restarting school operations, reopening schools, and reenrolling students. Under the Restart program, LEAs must also provide equitable services to students attending nonpublic schools. You can find copies of our previously issued reports (involving the Texas Education Agency, the Puerto Rico Department of Education and the Virgin Islands Department of Education) on the [Disaster Recovery section](#) of our website.

*Department's Awarding and Monitoring Grantees' Uses of Disaster Recovery Funds for Postsecondary Schools*

Our audit found that the Department designed policies and procedures for awarding and monitoring discretionary grants through its Discretionary Grant Handbook. Additionally, the Department designed risk mitigation strategies specific to the Defraying Costs and Emergency Assistance programs through the Internal Control Plan. Together, these policies and procedures, as designed, should have provided reasonable assurance that the Department awarded and monitored grantees' uses of Defraying Costs and Emergency Assistance grants in accordance with the Bipartisan Budget Act, Uniform Guidance, and Department policy. However, we concluded that the Department's Office of Postsecondary Education (OPE) did not implement all the relevant Discretionary Grant Handbook processes and Internal Control Plan risk mitigation strategies as designed. Specifically, OPE did not

- scrutinize costs in all applications and eliminate those costs that were unallowable;
- validate grantees' self-reported data;
- prepare appropriate terms, such as a high-risk designation and associated conditions, for any awards made to grantees it designated as high risk;
- apply its Emergency Assistance program allocation formula as designed;
- conduct post-award conferences;
- complete post-award monitoring;

- support changes made through administrative action grant award notifications; or
- retain all relevant records in official Emergency Assistance grant files.

As a result of OPE not implementing all relevant Discretionary Grant Handbook processes and Internal Control Plan risk mitigation strategies as designed, the Department improperly awarded at least \$242,232 to 7 of the 26 grantees whose applications we reviewed. The Department awarded Defraying Cost grants to (1) one ineligible grantee, (2) one applicant that identified itself as both the postsecondary school receiving displaced students and the postsecondary school affected by the disaster, (3) one applicant who omitted the required displaced student data on the postsecondary school from which the student was displaced, (4) two applicants whose applications included unallowable costs, and (5) one applicant for an amount greater than the applicant requested. In addition, we found that the Department awarded an Emergency Assistance grant to one applicant that used an indirect cost rate that was different than the indirect cost rate established for the program. Finally, we determined that the Department did not have reasonable assurance that grantees used grant funds only for allowable, reasonable, and necessary activities and items.

To address the issues identified, we recommended that OPE (1) take appropriate actions to correct the seven improper awards; (2) review the applications that were not part of our audit and take appropriate actions to correct any instances of unallowable, unreasonable, or unnecessary activities or items; (3) review its files and ensure that all post-award activities are completed and recorded in the official grant files for all Defraying Costs and Emergency Assistance grantees; (4) implement all preaward, award, and post-award processes described in the Discretionary Grant Handbook or documents the decision to modify or deviate from selected processes in the official grant files for all future special discretionary grant awards; and (5) identify any records retained outside OPE's official grant files and ensure those records are placed in the official grant files for each Emergency Assistance grantee. OPE agreed with all of our recommendations. [Postsecondary Schools Disaster Recovery Report](#)

### *Florida Department of Education's Administration of the Immediate Aid to Restart School Operations Program*

We found that the Florida Department of Education established and implemented systems of internal control that provided reasonable assurance that Restart program funds were allocated appropriately and that sufficiently ensured that LEAs used Restart program funds for allowable and intended purposes, including in programs provided in nonpublic schools. Specifically, we found that the Florida Department of Education had an adequate process for allocating Restart program funds to LEAs and services to nonpublic schools that met the requirements of the Hurricane Education Recovery Act. It had existing processes for distributing the application package to LEAs with instructions on applying for grant opportunities, reviewing and approving Restart program applications, and reimbursing LEAs using Restart program funds. In addition, our audit determined that the Florida Department of Education submitted to the Department the required Internal Control and Monitoring Plan that included a description of its established fiscal monitoring process. The Florida Department of Education also provided technical assistance to LEAs to ensure

that they used Restart program funds in compliance with program requirements. Based on our review of controls and related testing, we concluded that the Florida Department of Education's collective processes provided reasonable assurance that Restart program funds were allocated appropriately and sufficiently ensured that LEAs used Restart program funds for allowable and intended purposes. We did not have any recommendations. Florida Department of Education officials accepted the report as written. [Florida Restart Report](#)

### Disaster Recovery Investigations

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

## OTHER ACTIVITIES

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

- **Pandemic Response Accountability Committee.** Acting Inspector General Sandra D. Bruce is a member of this Committee, established under the CARES Act. Acting Inspector General Bruce is also leading the PRAC's subcommittee focused on Government Accountability Office and State and local oversight efforts.
- **Council of Counsels to the Inspectors General COVID-19 Work Group.** Counsel to the Inspector General Antigone Potamianos and OIG Assistant Counsels continued to participate in the government-wide OIG attorney working group regarding COVID-19 related legal issues.
- **Procurement Collusion Strike Force.** Assistant Inspector General for Investigations Aaron Jordan continued to coordinate with the Department of Justice Antitrust Division on efforts related to COVID-19.
- **Coronavirus/COVID-19 Federal-State Task Forces.** OIG criminal investigators continued to work with their Federal and State investigative and prosecutive partners to address COVID-19 fraud.



## Federal Student Aid Programs and Operations

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



## Audits

The Department disburses more than \$115 billion in Federal student aid annually and manages an outstanding loan portfolio valued at more than \$1.5 trillion. This makes the Department one of the largest financial institutions in the country. As such, effective oversight and monitoring of its programs, operations, and program participants are critical. Within the Department, OPE and Federal Student Aid (FSA) are responsible for administering and overseeing the student aid programs. The OPE develops Federal postsecondary education policies, oversees the accrediting agency recognition process, and provides guidance to schools. FSA disburses student aid, authorizes schools to participate in the student aid programs, works with other participants to deliver services that help students and families finance education beyond high school, and enforces compliance with FSA program requirements. During this reporting period, OIG work identified actions that FSA should take to address weaknesses in program operations and management. Summaries of these reports follow.

### Schools' Control Over Reporting of Clery Act

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) requires schools that participate in the Federal student aid programs to publish and distribute to current and prospective students and employees, an annual security report that describes the school's policies and procedures for campus safety and discloses the school's annual campus crime statistics. The Clery Act also requires schools to report their Clery Act crime statistics to the Department on an annual basis and requires the Department to make those statistics available to the public. OPE publishes the Clery Act crime statistics on its campus safety and security website, which includes a tool that allows prospective students to compare crime data across schools. During this reporting period, the OIG issued its first in a planned series of audits to determine whether selected schools have controls in place to ensure that they report complete and accurate campus crime statistics under the Clery Act. The audit involved the University of North Georgia and our findings and recommendations are highlighted below. We will share the results of our additional work in this series once completed.

### *University of North Georgia's Controls Over Reporting Clery Act Crime Statistics*

We found that the University of North Georgia did not have effective controls to ensure that it reported complete and accurate Clery Act crime statistics. The University of North Georgia had processes for activities related to crime reporting under the Clery Act; however, these processes did not provide reasonable assurance that the reported crime statistics would be complete and accurate. The University of North Georgia did not have effective internal controls over significant processes related to the reporting of its Clery Act crime statistics. Specifically, it did not have effective processes to identify critical information sources for Clery Act reporting; collect, record, and track the information; analyze, report, and document the crime statistics; or provide management oversight and quality assurance over the Clery Act crime reporting process. Additionally, the University of North Georgia did not follow all applicable Clery Act requirements and guidance, which, if followed, would help support the completeness and accuracy of the reported crime statistics. We also found that the University of North Georgia's reported Clery Act crime statistics for calendar years 2015–2017 were not complete and accurate. Specifically, we identified 21 criminal incidents that the University of North Georgia should have reported but did not, and we determined that crimes were underreported by at least 37 percent. As a result, the statistics did not provide reliable information to current and prospective students, their families, and other members of the campus community for making decisions about personal safety and security.

The control weaknesses occurred because the University of North Georgia did not allocate sufficient resources or personnel with the right skill sets to help design and implement the Clery Act crime reporting processes. The entire crime reporting activity was assigned to one staff member as a supplemental responsibility in addition to numerous other campus law enforcement duties. The University of North Georgia did not involve personnel with legal, risk management, audit, internal control, or Federal education compliance experience to design a Clery Act crime reporting process with appropriate controls that would align with applicable internal control standards and meet compliance requirements.

We recommended that FSA require the University of North Georgia to design and implement effective internal controls over the completeness and accuracy of its Clery Act crime statistics. The University of North Georgia should also conduct a comprehensive review of its records for calendar years 2015–2017 to identify all reportable Clery Act crimes and amend its reported crime statistics to correct any errors in the reported statistics. We also recommend that FSA determine whether it should take action against the university for the Clery Act violations identified in this report. University of North Georgia officials did not agree with the finding or recommendations; however, they did describe 18 corrective actions that the school had taken in response to our recommendations. [University of North Georgia Audit](#)

### **FSA's Total and Permanent Disability Discharge Process**

The objective of our audit was to determine whether FSA ensured that (1) its total and permanent disability (TPD) discharge process operated in accordance with Federal program requirements and (2) accurate information on student loan

discharges was entered into FSA's system of records. The TPD discharge process relieves borrowers who are totally and permanently disabled according to Federal program requirements of repaying their Federal student loans or completing their grant service obligations. To answer the objective, we gained an understanding of FSA's TPD discharge process and its control activities over the TPD discharge process. We sampled TPD accounts to determine whether FSA's control activities ensured TPD discharge applications recommended for discharge by Nelnet Servicing, LLC, a Federal loan servicer, were approved or rejected in accordance with Federal program requirements. Further, we examined whether FSA's control activities ensured Nelnet Servicing administered the TPD discharge process in accordance with Federal program requirements, and whether FSA ensured accurate information on student loan discharges was entered into the TPD databases.

Based on our review of samples of approved and rejected TPD discharge applications, we found that FSA appropriately approved and rejected the applications and applied appropriate criteria to approve and reject individual TPD discharge applications in accordance with Federal program requirements, and that Nelnet Servicing generally serviced those TPD accounts throughout the TPD discharge process in accordance with Federal program requirements. We also found that FSA ensured that accurate information on student loan discharges was entered into the TPD databases. However, we also identified design weaknesses in FSA's control activities for the TPD discharge application review process that may negatively affect the operating efficiency and effectiveness of the process and increase the risk that FSA approves applications that are inaccurate or incomplete. Specifically, FSA used inappropriate sampling parameters for its review of batches of TPD discharge applications, and these parameters (10-percent sample size and 10-percent error rate thresholds) were not sufficient to provide a consistent level of assurance that the TPD discharge applications that FSA approved, but did not review, were accurate and complete according to Federal program requirements. Further, we found weaknesses in FSA's documented procedures and its quality control review for its TPD discharge application review process, as FSA's documented procedures were outdated, and FSA did not segregate the responsibilities of its lead analysts during quality control reviews of TPD discharge applications. We also found weaknesses in



FSA's monitoring of the TPD discharge process, as FSA's TPD Group did not select its random samples from a complete universe of accounts, did not always adhere to its own monitoring procedures, did not always sample the required number of TPD accounts from the specified categories, and did not perform the reviews during the required time frames.

We recommended that FSA establish specific and measurable objectives for an effective and efficient TPD discharge application review process and determine and implement appropriate parameters for an error rate and confidence level that align with such objectives. We also recommend that FSA develop and implement ongoing monitoring or separate evaluations of the design and operating effectiveness of FSA's TPD discharge application review process. Additionally, we recommended that FSA update and maintain current documentation of control activities for the TPD discharge application review process and the quality control review process. We also recommend that FSA segregate key duties and responsibilities of the quality control review process among different people, or develop alternative procedures, to reduce the risk of error, misuse, or fraud. Finally, we recommended that FSA revise the TPD monitoring procedures' sampling methodology and ensure that FSA performs monitoring in accordance with the frequency, scope, and methodologies established in its monitoring procedures. FSA did not agree with all of our findings or recommendations. [TPD Audit](#)

## Investigations

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

### Investigations of Schools and School Officials

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

#### *Former Bossier Parish Community College Comptroller and Her Sister Pled Guilty to Conspiracy (Louisiana)*

In our [last Semiannual Report](#), we highlighted our case involving the former Bossier Parish Community College comptroller, her sister, and other participants who were indicted for stealing more than \$250 million from the school. During this reporting period, the former comptroller and her sister pled guilty to conspiracy. From 2013 through 2016, the former comptroller used her position to access school computer systems to issue more than \$259,000 in student aid funds to her sister and other indicted conspirators even though none of them were qualified to receive the student aid. In most cases, they were not even attending the school during the semesters for which they received the funds. When the participants received the money, they allegedly kicked back a portion of the money to the former comptroller. Four of the conspirators have now pled guilty to their roles in the scheme.



### *Owner of Ohio Barber Academy Indicted for Fraud (Ohio)*

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

### *Owner-Operator of Training Domain Indicted in \$109,000 Fraud Scheme (Florida)*

The owner-operator of Training Domain, an educational institution offering business software application courses, was indicted on charges of wire fraud and student aid fraud. According to the indictment, from 2017 through 2019, the owner-operator solicited students to enroll in her school and assisted them in applying for Federal student aid, including creating false and fraudulent high school diplomas and their equivalents. Rather than using the loans and grant proceeds to hold classes at the school and for other educational purposes, the owner-operator allegedly kept the funds and split them with the students. As a result of these fraudulent efforts, the school and students received more than \$109,000 in Federal student aid. [Press Release](#)

## **Investigations of Student Aid Fraud Rings**

Below are summaries and links to press releases on actions taken over the last 6 months against people who participated in Federal student aid fraud rings. Fraud rings are large, loosely affiliated groups of criminals who seek to exploit distance education programs in order to fraudulently obtain Federal student aid. These

cases are just a sample of the large number of actions taken against fraud ring participants during this reporting period.

*Owner of “Halls of Knowledge” Indicted for Orchestrating \$700,000 Student Aid Fraud Scam (North Carolina)*

The operator of a home school known as “Halls of Knowledge” was indicted for allegedly carrying out a scheme to fraudulently acquire hundreds of thousands of dollars in Federal student aid. According to the indictment, the woman resided with others at a place referred to as “the Ranch,” a property owned and operated by a tent revival preacher, who also owned other businesses. The woman and others allegedly approached residents of the Ranch and solicited their enrollment in online courses at Wake Tech Community College, despite the fact that most of them were ineligible to attend the school as they had not graduated from high school. Per the indictment, the woman provided various assurances to the prospective students to get them to participate, including telling them that they would receive a high school diploma, that they would receive a laptop or would get to keep some money, that they would not have to actually do the coursework, or that they would not be responsible for the student loans. The woman then allegedly fabricated admissions and student aid applications forms, including falsely claiming that the “students” had completed high school through her Halls of Knowledge school. When the students received their student aid award balances, they were directed to provide these funds to the woman and the Ranch owner, who then used the money to fund the operations of the Ranch and the owner’s other businesses. As a result of her alleged efforts, the Ranch residents fraudulently received as much as \$700,000 in Federal student aid. [Press Release](#)

## Investigations of Other Student Aid Fraud Cases

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

*Woman Sentenced for Using the Stolen Identities of More than 30 People to Obtain Federal Student Aid (Georgia)*

A woman who had previously pled guilty to using the stolen identities of more than 30 people to fraudulently apply for and receive Federal student aid has been sentenced for her crime. Initially stopped for speeding, a Cook County Sheriff’s Deputy found that the woman’s license had been suspended and subsequent search of the car found notebooks filled with people’s names, personally identifiable information (PII) and other information, and in the trunk they found laptops, tablets, and bags with debit cards from various banks. Based on the information found in the car, the multiagency investigation determine that the woman used the PII to defraud multiple Federal agencies and programs, including more than \$121,200 in Federal student aid in the names of more than 30 unwitting victims. The woman was sentenced to serve 36 months in prison followed by 3 years of supervised release and was ordered to pay more than \$300,000 in restitution, including more than \$121,200 to the Department of Education. [Press Release](#)



The multiagency investigation revealed that from 2011 through 2017, the woman and her partner used the PII of other people to defraud several government agencies by committing student aid fraud, tax return fraud, Medicaid, and SNAP fraud.

*Multiagency Investigation Leads to Prison Sentence for Scammers Who Defrauded Federal and State Programs, Including Federal Student Aid (Ohio)*

In our last [Semiannual Report to Congress](#), we noted that a woman was sentenced to prison and was ordered to pay more than \$457,200 in restitution, of which nearly \$220,000 will go to the Department, for fraud. During this reporting period, her partner was sentenced to 51 months in prison and was ordered to pay nearly \$220,000 to the Department for fraud. The multiagency investigation revealed that from 2011 through 2017, the woman and her partner used the PII of other people to defraud several government agencies by committing student aid fraud, tax return fraud, Medicaid, and Supplemental Nutrition

Assistance Program (SNAP) fraud. Specific to defrauding the Department, the woman and her partner recruited people to provide their PII that they used to apply for admissions to and receive Federal student aid from Columbus State Community College, knowing that none of the people had any intention of attending classes. [Press Release](#)

*Businessman Indicted on Tax and Student Aid Fraud (New Jersey)*

The principal of Media Allies, a company that purportedly provided public relations services, was indicted on a number of charges that included student aid fraud. According to the indictment, the man filed and caused to be filed Internal Revenue Service tax forms that falsely claimed his business income was zero and his total income was zero, when in fact, the man and his business had substantial gross receipts. The indictment also alleges that the man knowingly included this false income information on his child's Free Application for Federal Student Aid (FAFSA), which enabled his child to receive Federal student aid to which the child was otherwise not entitled to receive. The man also provided this false information to the New Jersey Higher Education Student Assistance Authority and a New Jersey university. [Press Release](#)

*Former Business Owner Pled Guilty to Evading More than \$788,000 in Taxes, Fraudulently Received Student Aid (Missouri)*

The owner of several now-defunct satellite cable/internet companies pled guilty to tax evasion. Over a 5-year period, the man underreported more than \$788,000 on his State and local taxes and included that false information on FAFSAs for his children. This enabled his children to receive more than \$35,400 in Federal student aid to which they were not entitled.

### *Woman Sentenced for Misusing Social Security Number to Obtain Federal Student Aid (California)*

A woman was sentenced for misusing a Social Security number in order to obtain Federal student aid. Between 2002 and 2016, the woman received more than \$129,200 in Federal student aid by using a fraudulently obtained Social Security number. She had previously received about \$11,500 in student aid using her own Social Security number but had defaulted on that loan. The woman was sentenced to serve 1 year of supervised release and 50 hours of community service, and she was ordered to repay the student loans.

### *Woman Pled Guilty to \$49,000 Student Financial Aid Fraud (Texas)*

A former University of North Texas student pled guilty to charges of student aid fraud. While attending the school, the woman submitted requests to the financial aid office to increase her loan amounts using fraudulent expenses supported by fictitious receipts. Some of those fictitious expenses included childcare for children that she did not have. As a result of her fraudulent efforts, the woman received more than \$49,000 in Federal student aid to which she was not entitled.

## Investigation into College Admissions Scandal

The following is a summary of the “Varsity Blues” college admissions investigation where the OIG provided assistance to the FBI and the U.S. Attorney’s Office in the matter.

### *More Actions Taken in College Admissions Scandal (Nationwide)*

During this reporting period, more people pled guilty and were sentenced for their roles in the “Varsity Blues” college admissions scandal. The scandal involved parents who paid college coaches and falsified college admission records in order to get their children admitted into various colleges, and the college coaches who accepted the bribes and used their positions to get those children admitted to the schools. U.S. Attorney’s Offices issued press releases on the actions, noting that the parents and coaches were sentenced or entered into plea agreements that call for various periods of imprisonment, home confinement, supervised release and fines as part of their expected sentences later this year. The press releases acknowledge the OIG, noting that we provided assistance with the investigations. [Press Release #1](#), [Press Release #2](#), [Press Release #3](#), [Press Release #4](#)



# OTHER ACTIVITIES

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

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

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

- **Department's Draft Final Rule on Distance Education and Innovation.** The OIG provided technical comments to improve the document's accuracy related to an OIG work product.
- **Proposed Enforcement Policy for Incidents and Noncompliance at Institutions of Higher Education.** The OIG provided technical comments specific to enforcement options for high risk incidents.



## Elementary and Secondary Education Programs

The Department administers more than 100 programs that involve 56 States and territorial educational agencies, nearly 18,400 public school districts, 132,000 schools, and numerous other grantees and subgrantees. Effective oversight of and accountability in how these entities spend the Department funding they receive is vital. Through our audit work, we identify problems and propose solutions to help ensure that the Department's programs and operations meet the requirements established by law and that federally funded education services reach the intended recipients—America's students. Through our criminal investigations, we help to protect public education funds for eligible students by identifying those who abuse or misuse Department funds and holding them accountable for their unlawful actions.

## Audits

During this reporting period, we completed an audit involving a provision of the Elementary and Secondary Education Act of 1965, as amended (ESEA), that requires a State wanting to receive Federal funds to submit a plan indicating which of nine programs it wants to receive funds for. The State's plan must include descriptions, information, assurances, and other materials necessary to show how the plan meets ESEA requirements. The law also requires the Department to establish multidisciplinary peer review panels to review all States' plans and provide objective feedback on the technical, educational, and overall quality of the plans. The objective of our audit was to determine whether the Department designed and implemented State plan review and approval processes that provided reasonable assurance that it (1) identified and resolved potential instances of State plans' noncompliance with ESEA and Title VII, Subpart B of the McKinney-Vento Homeless Assistance Act of 1987, as amended by the Every Student Succeeds Act (McKinney-Vento Act) requirements; (2) acted within its authority as set forth in pertinent sections of the ESEA; and (3) whether it complied with its established policy. We specifically assessed the Department's processes for reviewing and approving the three sections of State plans that the law required the Department to peer review—Title I, Part A of the ESEA; Title III, Part A of the ESEA; and the McKinney-Vento Act sections of State plans. A summary of the audit finding and recommendations is below.

### The Department's Processes for Reviewing and Approving State Plans Submitted Pursuant to the ESEA

Our audit found that the Department designed review and approval processes that provided reasonable assurance that it identified and resolved potential instances of State plans' noncompliance with the ESEA and McKinney-Vento Act requirements subjected to peer review. We also found that the Department designed processes to provide reasonable assurance that it complied with the peer review, Secretary approval, and public review requirements specified in the ESEA. Further, we found that the Department designed its processes to provide reasonable assurance that it complied with its policy. In addition, we concluded that the Department implemented its plans for providing guidance to peer reviewers and States, and that it implemented its peer review process in a manner that provided reasonable assurance of State



plans' compliance with ESEA and McKinney-Vento Act requirements. However, our audit revealed that the Department did not (1) always retain records that ensured adequate and proper documentation of its peer reviewer selection decisions or its analysis of peer reviewer comments on the McKinney-Vento Act requirements of State plans, (2) publish all versions of States' plans on its website, or (3) always show that it considered conflict of interest information collected from peer reviewers before assigning them to panels. We did not identify any evidence that would suggest that the Department acted outside its authority to disapprove a State plan as set forth in the ESEA. However, because of the issues identified, we could not determine why the Department selected certain peer reviewers. We also could not always determine whether the Department considered the results of the peer review process when providing feedback on the McKinney-Vento Act section of State plans. Further, we could not ensure that the Department considered conflict of interest information it collected from peer reviewers before assigning them to panels, which could affect the integrity of the peer review processes.

Based on our finding, we recommended that the Department (1) strengthen its policy for creating and retaining records so those records demonstrate adequate and proper documentation of its functions, policies, decisions, procedures, and essential transactions relevant to the review and approval of the McKinney-Vento Act section of State plans; (2) make publicly available all submissions and resubmissions of States' plans, including individual and consolidated plans, to promote full transparency; and (3) adhere to its policy and consider all conflict of interest information collected from peer reviewers before assigning them State plans to review. The Department disagreed with our finding and recommendations. [Department's State Plan Review and Approval Processes Report](#)

# Investigations

OIG investigations in the elementary, secondary, and vocational education areas include criminal investigations involving bribery, embezzlement, and other criminal activity, often involving State and local education officials, vendors, 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 and Contractors

The following are summaries of OIG investigations involving K–12 school officials and contractors.

### *Superseding Indictment Against Former Secretary of the Puerto Rico Department of Education and Others (Puerto Rico)*

In a recent Semiannual Report to Congress, we highlighted our case involving the former Secretary of the Puerto Rico Department of Education (Puerto Rico DOE), the former Executive Director of the Puerto Rico Health Insurance Administration, and four others who had been indicted on charges of conspiracy, wire fraud, theft of government funds, and money laundering. During this reporting period, a Federal grand jury returned a 98-count superseding indictment against the former Secretary and others for allegedly using their positions to benefit and enrich themselves with Federal funds. Several of the allegations involve contracts awarded through a corrupt bidding process. This included a \$95,000 professional services contract that the Puerto Rico DOE allegedly awarded to a contractor with close ties to the former Secretary despite being unqualified under the terms of the contract request for proposal. It was also alleged that the former Secretary instructed that company to hire and pay a 2016 gubernatorial campaign director as a special assistant to the Puerto Rico DOE Secretary. Additionally, Puerto Rico DOE contractor BDO, despite express prohibitions in its contracts with the Puerto Rico DOE, subcontracted other companies to perform contracted services, and paid the owner of one those companies a 10-percent commission for his help and influence with government officials in obtaining contracts totaling more than \$13 million, for which he is alleged to have received nearly \$220,000 in commissions. Two of the people associated with these acts who were charged in the original indictment, pled guilty to their roles in the conspiracy in May.

### *Former Executive Director of the Mississippi Department of Education and Three Contractors Charged with Conspiracy, Federal Bribery, Wire Fraud and Money Laundering (Mississippi)*

The former Executive Director of the Mississippi Department of Education and three school contractors were indicted on multiple charges for their roles in a bid-rigging and kickback scheme. According to the indictment, the former official used her position to split contract requests from one contract into multiple smaller contracts, in order to avoid threshold amounts that would trigger a formal competitive bidding process. To meet the requirement that such an informal bid have at least two competing vendor quotes for comparison, the former Executive Director allegedly

obtained false and inflated quotes designed to make the intended conspirator's business the lower bid, thus guaranteeing the award of the contract. The former Executive Director allegedly received more than \$42,000 directly or indirectly from her conspirators, while the business owners garnered more than \$650,000 from the State of Mississippi, including Federal funds granted by the U.S. Department of Education to Mississippi. [Press Release](#)

## Investigations of Charter Schools and Charter School Officials

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

### *Former Head of the Community Preparatory Academy Pled Guilty to Stealing More than \$3 Million (California)*

The former head of the Community Preparatory Academy charter school pled guilty to stealing more than \$3 million from the schools over a 5-year period. This amounted to about one-third of all Federal and State funding that the schools received during that time. The former official admitted to using the funds for personal travel, restaurants, Amazon and Etsy purchases, and private school tuition for her children. She also admitted spending more than \$220,600 on Disney cruise line vacations, theme park admissions and other Disney-related expenses. The scheme came to light during a routine audit by the Los Angeles Unified School District's Charter School Division, which identified the discrepancies and reported them to the Los Angeles Unified School District's Office of Inspector General and our office. [Press Release](#)

### *Former Principal and Vice Principal of the Now-Closed Bradley Academy of Excellence Sentenced to Prison for Roles in \$2.5 Million Fraud Scheme (Arizona)*

The former principal and vice principal of the now-defunct Bradley Academy of Excellence were sentenced for their roles in a \$2.5 million conspiracy. From 2016 through 2018, the former school officials fraudulently overreported the number of students enrolled in the school in order to receive additional funding they were otherwise not entitled to receive. For school year 2016–2017, the school reported 652 enrolled students; however, 191 of them were fraudulent; for school year 2017–2018, the school reported 528 enrolled students, 453 of whom were fraudulent. As a result of the false reporting, the school received about \$2.5 million from the State and the Federal government. The former principal was sentenced to serve more than 3 years in prison and was ordered to pay more than \$2.5 million in restitution. The former vice principal was sentenced to serve 4 months in jail and was ordered to pay more than \$2.5 million in restitution. [Press Release—Principal](#), [Press Release—Vice Principal](#)

### *Another Celerity Charter Chief Executive Official Sentenced in \$2.5 Million Fraud Scheme (California)*

In our last [Semiannual Report](#), we noted that a former chief executive officer of Celerity Educational Group, a nonprofit company that owned and operated charter

schools, was found guilty by a jury for her role in a \$2.5 million fraud scheme. During this reporting period, the former chief executive officer was sentenced to serve 1 day in prison, 1 year of home detention, 80 hours of community service, and 3 years of supervised release. The former chief executive officer conspired with others, including the founder and preceding chief executive officer, to misappropriate about \$2.5 million in public education funds awarded to several Celerity charter schools. They used the money to pay for personal expenses, including first-class air travel, fine dining, and luxury goods from shops in Beverly Hills and Tokyo. Money was also used to purchase a building for another charter school in Ohio, monthly rent, and renovations at a soundstage and recording studio that Celerity students rarely used. To cover up the theft, the officials falsely certified to Federal, State, and local authorities that they were complying with all rules and regulations governing the use of the public funds that they received.

## OTHER ACTIVITIES

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

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

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

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

- **Discretionary Grant Programs and Demonstration Grants for Indian Children Notice Inviting Applications.** The OIG provided technical edits and suggestions.
- **Innovative Rehabilitation Training Program Notice Inviting Applications.** The OIG provided technical edits and suggestions.



## Department Management and Operations

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



## Audits and Reviews

OIG work completed over the last 6 months in this area includes statutory reviews involving the Department's compliance with the Improper Payments Elimination and Recovery Act, the Grant Oversight and New Efficiency Act, and the Geospatial Data Act. Summaries of this work follow.

### Department's Compliance with Improper Payment Reporting Requirements for Fiscal Year (FY) 2019

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Federal agencies to conduct annual assessments to determine which agency programs are susceptible to significant improper payments and to estimate, reduce, and recover improper payments. IPERA also requires each agency's Inspector General to determine the agency's compliance with the statute for each fiscal year. As a part of the review, the Inspector General evaluates the accuracy and completeness of the agency's reporting and performance in reducing and recapturing improper payments.

For the second year in a row, the Department complied with IPERA because it met each of the six compliance requirements. For FY 2019, the Department complied with the requirement to (1) publish an Agency Financial Report, (2) conduct program-specific risk assessments, (3) publish improper payment estimates, (4) publish a report on actions to reduce improper payments in programs susceptible to significant improper payments, (5) publish and meet its reduction targets, and (6) report improper payment rates of less than 10 percent for all applicable programs. We also found that its improper payment estimate and methodology for the Immediate Aid to Restart School Operations Program was generally accurate and complete. However, we found that the Department published improper payment estimates that were unreliable in its FY 2019 Agency Financial Report for the Federal Pell Grant (Pell) and William D. Ford Federal Direct Loan (Direct Loan) programs, as well as for the Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) program.

Specific to the Pell and Direct Loan programs, we found that the Department's improper payment estimates for these programs were unreliable because the FSA

Finance office's Financial Management Group (1) developed and executed improper payment estimation methodologies that were not statistically valid and complete, (2) did not accurately and completely include overpayments and underpayments in the improper payment calculations, (3) estimated improper payments from questioned costs instead of sustained questioned costs, (4) used data that were not suitable for the purpose of producing statistically valid and reliable improper payment estimates, and (5) impaired the statistical validity of the estimates through its weighting of schools included in consolidated school group single audits. Regarding the Emergency Impact Aid program, the Department's improper payment estimate for the Emergency Impact Aid program was unreliable because it was not accurate, complete, and statistically valid. In addition, the Department's improper payment methodology for the Emergency Impact Aid program was not statistically valid. Because of these weaknesses, the Department cannot statistically make a reliable inference about the rate and amount of improper payments in these programs and may not be able to identify root causes and take appropriate corrective action to prevent and reduce improper payments in these programs. Further, stakeholders and other users of the Department's Agency Financial Report do not have an accurate or reliable depiction of the estimated improper payments in the Pell, Direct Loan, and Emergency Impact Aid program for FY 2019.

Based on our findings, we recommended that the Department develop and implement procedures to ensure that its (1) estimation methodologies for the Pell, Direct Loan, and Emergency Impact Aid programs are accurate, complete, and statistically valid; (2) improper payment estimates for the Pell, Direct Loan, and Emergency Impact Aid programs are based on, and represent, quality information (accurate and complete information); and (3) improper payments are appropriately identified and included in the improper payment estimate for the Emergency Impact Aid program. The Department did not agree with all of our findings and partially agreed with our recommendations. [IPERA Audit](#)

## Risk Assessment of the Department's Grant Closeout Process

On January 28, 2016, President Obama signed into law the Grants Oversight and New Efficiency Act (GONE Act) with the goal of closing out expired grants and cooperative agreements. The GONE Act requires Federal agencies to report to Congress information on any grants not yet closed for which the period of performance, including any extensions, ended more than 2 years prior. (A grant closed in compliance indicates that the grantee has complied with all material requirements of the grant.) The GONE Act also requires the Inspector General of an agency with more than \$500 million in annual grant funding to conduct a risk assessment to determine whether an audit or review of the agency's grant closeout processes was warranted. To meet this statutory requirement, the OIG conducted a number of activities, including a review of applicable laws and regulations and Department policies, procedures, and memoranda related to grant closeout; interviews with pertinent Department staff; and analyses of monthly closeout reports, applicable sections of the Department's Agency Financial Reports containing GONE Act reporting, grant closeout data used in GONE Act reporting, data from the Department's grant management system, and the Department's processes for extracting grant closeout data. Based on the results of those reviews and analyses, we determined that the risk level of the Department's

grant closeout process was moderate and that an audit or review was warranted, as we had identified risks with the reliability of the Department's grant data and related GONE Act reporting, as well as the Department's grant closeout policies and procedures, including a policy allowing older grants to be closed in compliance without required reports being provided by the grantee.

In addition, we found that both the volume of expired grants and amount of undisbursed grant funds had significantly increased between the date of initial GONE Act reporting (September 30, 2017) and January 30, 2020, indicating that grant closeout is less of a focus now that GONE Act reporting is over.

Specific to the reliability of the Department's GONE Act reporting, we identified concerns with the reliability of the Department's grant data. The Department's GONE Act reporting in its FY 2017 and 2018 Agency Financial Reports underreported the number of grants subject to GONE Act reporting due to the Department excluding Impact Aid formula grants and grants in the liquidation or suspension phase. Further, limitations within the Department's grants monitoring system made it difficult to calculate the actual period of performance end date, thereby hindering the ability to calculate the actual number of expired grants. With regard to the Department's grant closeout policies and procedures we found that the Department's monitoring process did not track all grants and that grant closeout procedures, that were not documented in policy cannot be enforced. Further, the Department implemented a process that allowed program offices to close older grants in compliance without having received all of the documentation/certification normally required by policy. This increased the risk that grants were closed in compliance that did not achieve substantial progress, thus allowing these grantees to continue to receive additional grant funds.



Finally and as stated above, we found that both the volume of expired grants and amount of undisbursed grant funds has significantly increased between the date of initial GONE Act reporting (September 30, 2017) and January 30, 2020, indicating that grant closeout is less of a focus now that GONE Act reporting is no longer required. Specifically, we noted that in October 2016, the Department identified a baseline of 8,948 grants totaling about \$2 billion that were in various states of the closeout process. We asked the Department to run the same query it used for GONE Act reporting for the period ending January 30, 2020, and found that the number of expired grants had increased by at least 300 percent. The Department agreed with some, but not all, of our assessment results and noted its intention to move forward with grant policy deliberations consistent with the results of our review. [Grants Closeout Review](#)

## The Department's Compliance with the Geospatial Data Act

Among its provisions, the Geospatial Data Act, enacted on October 5, 2018, requires covered Federal agencies to take actions to better organize and coordinate the collection and management of geospatial data. It also requires OIGs to audit their agency's compliance with those actions. During this reporting period, we completed our audit, which found that the Department was in compliance with the Act, as it had implemented all 10 of the 13 required actions. We did not evaluate the three additional requirements, as the responsibilities or standards for those actions had not yet been issued by the Federal Geographic Data Committee and the Office of Management and Budget.

Overall, our audit found that the Department's National Center for Education Statistics within the Institute of Education Sciences was responsible for collecting and maintaining the Department's geospatial data. As the National Center for Education Statistics assigned a statistician to head the Department's geospatial data efforts and participated in interagency groups responsible for the development of guidance related to the Geospatial Data Act, the Department had more assurance that it was efficiently managing geospatial data, technologies, and infrastructure. In addition, the National Center for Education Statistics Education Demographic and Geographic Estimates program designed and developed information resources to help understand the social and spatial context of education in the United States. The National Center for Education Statistics used the Education Demographic and Geographic Estimates website to maintain and share the Department's geospatial data collected by the National Center for Education Statistics and the Census Bureau. By coordinating with other agencies and organizations involved with geospatial data, the Department is reducing duplicative efforts and facilitating efficient procurement of geospatial expertise, technology, and services. We recommend that the Department continue to implement its responsibilities under the Geospatial Data Act and remain aware of any new or updated guidance to assure continued compliance. The Department concurred with our recommendation. [Geospatial Data Act Report](#)

# Investigations

The following is a summary and a press release on an OIG investigation related to a senior Department employee, and abuse of a Department data system.

## Senior Department Official Reprimanded

A senior Department official was reprimanded for violating time and attendance policy. Our investigation found that the official, who taught part time at Bowie State University, taught classes at the university at times that conflicted with the official's Department work schedule. From 2016 to 2018, we identified more than 50 instances where the official was shown to have been teaching at Bowie State University during the official's regular workday that were not reflected on the official's time sheet. When confronted with this information, the official provided inconsistent and conflicting information to explain the discrepancies and did not provide information to support the accuracy of the time sheets. Providing false or fraudulent statements in an attendance record is a violation of 43 C.F.R. § 20.510, "Fraud or False Statements in a Government Matter," and 5 C.F.R. § 2635.705, "Use of Official Time," as well as Department policy regarding absence without leave. The OIG referred the matter to the U.S. Department of Justice on April 17, 2019, which declined prosecution on April 17, 2019. The OIG later referred the matter to the Department for administrative action. The Department placed an official reprimand in the official's personnel folder for 2 years.



## Three Men Indicted in International Cyber Fraud Scam Involving FAFSAs, Internal Revenue Service Tax Returns (Minnesota)

Three men were indicted on charges of charges of wire fraud, aggravated identity theft, and conspiracy for illegally obtaining the PII of about 1,200 people from a

Minnesota-based company that provides human resource and payroll services to numerous businesses. As part of the scheme, the three men are alleged to have used the PII to create fraudulent FAFSAs in order to obtain the Internal Revenue Service tax information of the victims which they used to file fraudulent tax returns in the name of the victims. The three attempted to claim about \$16.4 million in fraudulent income tax refunds. [Press Release](#)

## OTHER ACTIVITIES

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

#### *Department*

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

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

- **CIGIE Final Draft on Guidance for Payment Integrity Information Act Compliance Reviews.** The OIG provided clarifying comments.
- **Draft sections of Office of Management and Budget Circular A-123, Appendix C (Payment Integrity Improvement).** The OIG provided comments to improve the document's quality, clarity, and integrity.
- **Department Directive ED Hosted, In-Person Conference Reviews, Approvals and Funds Obligation Guidelines.** The OIG provided technical comments regarding the implementation of the legal review and approval provisions of the directive.
- **Draft Directive, Cybersecurity Awareness Simulated Phishing Exercises Behavioral Based Escalations.** The OIG provided comments to improve the directive's clarity.

- **Department Directive HCP 430-1, REACH Policy (Performance Management).** The OIG provided technical input relating to personnel actions for OIG employees.
- **Department Directive 771-1, Employee Grievances.** The OIG provided technical input relating to the independent personnel authority of the OIG and to the scope of the actions covered by the policy.
- **Department Directive 751-1, Discipline and Adverse Actions.** The OIG provided technical input relating to discipline actions for OIG employees and the OIG role in personnel investigations of former employees.



## Other OIG Efforts

This section of our Semiannual Report contains information on other efforts completed during this reporting period specific to the OIG, specifically our required non-Federal audit-related work.



## Non-Federal Audit Activities

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

### Desk Reviews and Quality Control Reviews

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

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) issued the following guidance regarding the classification of desk reviews and quality control review results.

- Pass—reporting package or audit documentation contains no quality deficiencies or only minor quality deficiencies that do not require corrective action for the audit under review or future audits.
- Pass with Deficiencies—reporting package or audit documentation contains quality deficiencies that should be brought to the attention of the auditor (and auditee, as appropriate) for correction in future audits.
- Fail—reporting package or audit documentation contains quality deficiencies that affect the reliability of the audit results or audit documentation does not support the opinions contained in the audit report and require correction for the audit under review.

During this reporting period, we completed 43 desk reviews of engagements conducted by 38 independent public accountants or audit organizations. We concluded that 20 (46.5 percent) were Pass, 21 (49 percent) were Pass with Deficiencies, and 2 (4.5 percent) were Fail.

We also completed 14 quality control reviews of engagements conducted by 9 independent public accountants or audit organizations. We concluded that 2 (14 percent) were Pass, 5 (36 percent) were Pass with Deficiencies, and 7 (50 percent) were Fail. We were not able to complete two quality control reviews of engagements conducted by an audit organization, because the audit organization did not make its audit documentation available for our review within the time frame given, even after multiple extensions were granted to the auditor. Since we could not confirm that the opinions in the audit reports were supported, we recommended that FSA reject the audit reports.

When a quality control review receives a rating of Fail, the independent public accountant or audit organization must resolve the deficiencies identified. If the independent public accountant or audit organization does not adequately resolve the deficiencies, we may find the audit report is not reliable and we will recommend the



report be rejected. During this reporting period, we made three recommendations to FSA to reject audit reports. FSA had rejected two of those audit reports as of the end of this reporting period.

Furthermore, we referred one independent public accountant to their State Board of Accountancy for possible disciplinary action. We made this referral due to the independent public accountant's unacceptable audit work on two different engagements. During this reporting period, we received information from a State Board of Accountancy regarding disciplinary actions taken against one independent public accountant as a result of a previous referral. The independent public accountant was reprimanded, prohibited from performing U.S. Department of Education audits for a period of one year, and ordered to pay penalties and administrative costs.

### Technical Assistance

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

During this reporting period, we issued new audit guides for Federal Family Education Loan Program lenders, lender servicers, and guaranty agency servicers. The guide is available on our [website](#). In addition, the OIG has developed a reporting system to better track audit deficiencies identified through quality control reviews. This type of tracking will allow us to focus our resources on training and outreach activities to address common audit quality issues. We have collected information about the results of quality control reviews of fiscal year 2017, 2018, and 2019 audits. We used those results to update our list of frequently asked questions and to compile a list of common quality control review deficiencies, which are discussed during training sessions. We will also use these results as a baseline to compare future quality control review results.

# OTHER ACTIVITIES

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

### *Inspector General Community*

- **CIGIE.** OIG staff continue to play an active role in CIGIE efforts. Currently, Acting Inspector General Bruce chairs the CIGIE Diversity, Equity, and Inclusion Work Group, and is a member of CIGIE's Audit Committee and Information Technology Committee.
  - **CIGIE Disaster Assistance Working Group.** The OIG participates in this group that helps coordinate the Federal inspectors general community's oversight efforts of disaster-related funds.
  - OIG staff currently serve on the following CIGIE committees, subcommittees, and work groups:
    - Information Technology Investigations Subcommittee (Chair)
    - Assistant Inspector General for Investigations Subcommittee
    - Assistant Inspector General for Management Working Group
    - Council of Counsels to the Inspectors General
    - Data Analytics Working Group of the Information Technology Committee
    - CIGIE/Office of Management and Budget Grant Reform Working Group
    - Undercover Review Committee
    - Federal Hotline Working Group
    - Quality Standards for Digital Forensics Working Group
    - Human Resources Directors' Roundtable
    - Enterprise Risk Management Working Group
    - Internal Affairs Working Group
    - OIG Communitywide Quality Assurance Working Group
    - CIGIE/Government Accountability Office Annual Financial Statement Audit Conference
    - DATA Act Work Group
    - Inspections and Evaluations Work Group

- OIG staff lead or facilitate CIGIE training courses, including the following:
  - Planning, Organizing, and Writing Effective Reports
  - Introduction to Auditing
  - IG Criminal Investigator Academy
    - Essentials of Inspector General Investigations
    - Contract Fraud
    - Grant Fraud
    - Suspension and Debarment
    - Transitional Training Program
    - IG Hotline Operator Training Program
    - IG Hotline Strategies
    - Ethics
    - Legal Refresher Courses, including a class on the 4th Amendment
    - Adjunct Instructor Training Program

#### *Government-Wide Audit-Related Groups*

- **Interagency Fraud and Risk Data Mining Group.** The OIG participates in this group that shares best practices in data mining and evaluates data mining and risk modeling tools and techniques that detect patterns indicating possible fraud and emerging risks.
- **Federal Audit Executive Council, Information Technology Committee.** OIG staff serve on this committee consisting of OIG staff from numerous Federal agencies. The committee addresses government-wide information technology areas such as security controls testing and Federal Information Security Modernization Act of 2014 reporting.
- **Federal Audit Executive Council, Financial Statement Audit Committee Workgroup.** OIG staff serve on this interagency workgroup consisting of OIG staff from numerous Federal agencies. The committee addresses government-wide financial management and financial statement audit issues through coordination with the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget. It also provides technical assistance on audit standards, policies, legislation, and guidance, and plans the CIGIE/Government Accountability Office Annual Financial Statement Audit Conference.





# Required Reporting

# Required Tables and Appendices

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

## Acronyms and Abbreviations Used in the Required Tables

Department	U.S. Department of Education
FFEL	Federal Family Education Loan
FSA	Federal Student Aid
HEA	Higher Education Act of 1965, as amended
IES	Institute of Education Sciences
IG Act	Inspector General Act of 1978, as amended
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCTAE	Office of Career, Technical, and Adult Education
ODS	Office of the Deputy Secretary
OESE	Office of Elementary and Secondary Education
OFO	Office of Finance and Operations
OIG	Office of Inspector General
OM	Office of Management
OPE	Office of Postsecondary Education
OPEPD	Office of Planning, Evaluation and Policy Development
OS	Office of the Secretary
OSDFS	Office of Safe and Drug Free Schools
OSEP	Office of Special Education Programs
OSERS	Office of Special Education and Rehabilitative Services
Recs	Recommendations
SAR	Semiannual Report to Congress
Title I	Grants to local educational agencies through State educational agencies funded under Title I of the Elementary and Secondary Education Act of 1965, as amended by Every Student Succeeds Act
Title IV	Federal student aid programs funded under Title IV of the HEA

## Definitions

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

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

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



recommendations. Inspections are performed in accordance with quality standards for inspections approved by the Council of Inspectors General for Integrity and Efficiency.

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

**Questioned Costs.** As defined by the Inspector General Act of 1978 (IG Act), as amended, questioned costs are identified during an audit, inspection, or evaluation because of (1) an alleged violation of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) such cost not being supported by adequate documentation; or (3) the expenditure of funds for the intended purpose being unnecessary or unreasonable. OIG considers that category (3) of this definition would include other recommended recoveries of funds, such as recovery of outstanding funds or revenue earned on Federal funds or interest due the Department.

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

### OIG Product Website Availability Policy

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

## Required Reporting

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

Section	Requirement	Table Number	Page Number
-	Statistical Summary of Audit and Other Report Accomplishments (October 1, 2019, through September 30, 2020)	1	<a href="#">46</a>
-	Statistical Summary of Investigations Accomplishments (October 1, 2019, through September 30, 2020)	2	<a href="#">47</a>
Section 5(a)(1) and 5(a)(2) of the IG Act	Significant Problems, Abuses, and Deficiencies Related to the Administration of Programs and Operations	10	<a href="#">62</a>
Section 5(a)(3) of the IG Act	Significant Recommendations Described in Previous Semiannual Reports to Congress on Which Corrective Action Has Not Been Completed (April 1, 2020, through September 30, 2020)	3	<a href="#">49</a>
Section 5(a)(4) of the IG Act	Matters Referred to Prosecutive Authorities (April 1, 2020, through September 30, 2020)	2	<a href="#">47</a>
5(a)(5) and 6(c)(2) of the IG Act	Summary of Instances in Which Information or Assistance Was Refused or Not Provided	10	<a href="#">62</a>
Section 5(a)(6) of the IG Act	Listing of Reports Audit and Other Reports and Products on Department Programs and Activities (April 1, 2020, through September 30, 2020)	4	<a href="#">50</a>
Section 5(a)(8) of the IG Act	Questioned Costs Audit and Other Reports with Questioned or Unsupported Costs	5	<a href="#">51</a>
Section 5(a)(9) of the IG Act	Better Use of Funds Audit and Other Reports with Recommendations for Better Use of Funds	6	<a href="#">52</a>
Section 5(a)(10) of the IG Act	Unresolved Reports Unresolved Audit and Other Reports Issued before Reporting Period	7	<a href="#">53</a>
Section 5(a)(10)(B) of the IG Act	Reports for Which No Agency Comment Was Returned to the OIG within 60 days of Issuance	7	<a href="#">53</a>
Section 5(a)(10)(C) of the IG Act	Outstanding Unimplemented Recommendations with Aggregate Potential Cost Savings	7	<a href="#">53</a>
Section 5(a)(11) of the IG Act	Significant Revised Management Decisions	10	<a href="#">62</a>
Section 5(a)(12) of the IG Act	Significant Management Decisions with Which the OIG Disagreed	10	<a href="#">62</a>
Section 5(a)(13) of the IG Act	Unmet Intermediate Target Dates Established by the Department Under the Federal Financial Management Improvement Act of 1996	10	<a href="#">62</a>

Section	Requirement	Table Number	Page Number
Section 5(a)(14)-(16) of the IG Act	Peer Review Results	9	<a href="#">61</a>
Section 5(a)(17) of the IG Act	Investigative Reports Issued Number of Persons Referred to the U.S. Department of Justice Number of Persons Referred to State and Local Prosecuting Authorities Indictments and Criminal Informations That Resulted from Prior Referrals to Prosecuting Authorities	2 (All four requirements included)	<a href="#">47</a>
Section 5(a)(18) of the IG Act	Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables Under 5(a)(17)	2	<a href="#">47</a>
Section 5(a)(19) of the IG Act	Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) Where the Allegations of Misconduct Were Substantiated	8	<a href="#">61</a>
Section 5(a)(20) of the IG Act	Description of Instances of Whistleblower Retaliation	10	<a href="#">62</a>
Section 5(a)(21) of the IG Act	Description of Attempt by Agency to Interfere with OIG Independence	10	<a href="#">62</a>
Section 5(a)(22)(A) of the IG Act	Description of Audits Closed but Not Disclosed to the Public	10	<a href="#">62</a>
Section 5(a)(22)(B) of the IG Act	Description of Investigations Involving Senior Government Employees (GS-15 or Above) that Were Closed but Not Disclosed to the Public	10	<a href="#">62</a>
Section 845 of the National Defense Authorization Act for Fiscal Year 2008	Contract-Related Audit Products with Significant Findings	10	<a href="#">62</a>

**Table I. Statistical Summary of Audit and Other Report Accomplishments (October 1, 2019, through September 30, 2020)**

Accomplishment	October 1, 2019– March 31, 2020	April 1, 2020– September 30, 2020	FY 2020 Total
Audit Reports Issued	9	7	16
Inspection Reports Issued	0	0	0
Other Products Issued	1	2	3
Questioned Costs (Including Unsupported Costs)	\$12,447,072	\$0	\$12,447,072
Recommendations for Better Use of Funds	\$0	\$0	\$0
Reports Resolved By Program Managers	5	7	12
Questioned Costs Sustained (Including Unsupported Costs)	\$50	\$143,546	\$143,596
Unsupported Costs Sustained	\$0	\$23,535	\$23,535
Additional Disallowances Identified by Program Managers	\$0	\$421,847	\$421,847
Management Commitment to the Better Use of Funds	\$0	\$0	\$0

**Table 2. Statistical Summary of Investigative Accomplishments  
(October 1, 2019, through September 30, 2020)**

Accomplishment	Description of the Metric	Adjusted October 1, 2019– March 31, 2020 (SAR 80)	April 1, 2020– September 30, 2020	FY 2020 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.	29	22	51
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	26	54	80
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	220	189	189
Investigative Reports Issued	Number of Reports of Investigation issued during the reporting period.	32	53	85
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.	3 Criminal	2 Criminal	5 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.	77 Criminal 4 Civil	16 Criminal 8 Civil	93 Criminal 12 Civil
Indictments and Criminal Informations that Result from Prior Referrals to Prosecuting Authorities	Number of individuals who were indicted or for whom a criminal information was filed during the reporting period.	45	19	64
Convictions/Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	29	17	46
Fines Ordered	Sum of all fines ordered during the reporting period.	\$15,641	\$650,400	\$666,041
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	\$9,291,903	\$3,753,009	\$13,044,912
Civil Settlements/Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	5	2	7
Civil Settlements/Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	\$2,498,198	\$1,425,000	\$3,923,198

Accomplishment	Description of the Metric	Adjusted October 1, 2019– March 31, 2020 (SAR 80)	April 1, 2020– September 30, 2020	FY 2020 Total
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	\$333,296	\$15,967,959	\$16,301,255
Forfeitures/ Seizures	Sum of all forfeitures/seizures ordered during the reporting period.	\$623,680	0	\$623,680
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.	\$3,217,538	-	\$3,217,538
Suspensions Referred to Department	Number of suspensions referred to the Department during the reporting period.	7	5	12
Debarments Referred to Department	Number of debarments referred to the Department during the reporting period.	7	1	8

**Table 3. Significant Recommendations Described in Previous Semiannual Reports to Congress on Which Corrective Action Has Not Been Completed (April 1, 2020, through September 30, 2020)**

This table is limited to OIG internal audit reports of Departmental operations because that is the only type of audit in which the Department tracks each related recommendation through completion of corrective action.

Office	Report Type and Number	Report Title (Prior SAR Number and Page)	Date Issued	Date of Management Decision	Number of Significant Recs Open	Number of Significant Recs Completed	Projected Action Date
FSA	Audit A17R0002	Final Independent Auditors' Report Fiscal Years 2017 and 2016 Financial Statements Federal Student Aid (Budget Services is also designated as an action official) (SAR 76, page 58)	11/13/17	2/16/18	1	9	1/14/21
OCIO	Audit A11S0001	The U.S. Department of Education's FISMA Report for Fiscal Year 2018 (Report was addressed to ODS and FSA) (SAR 78, page 56)	10/31/18	1/29/19	15	30	2/28/22
OESE (From the former ODS)	Audit A02M0012	Nationwide Assessment of Charter and Education Management Organizations (SAR 73, page 52) (Note: Program Office was changed from ODS to OESE due to recent reorganization)	9/29/16	1/10/17	1	4	9/30/20
OFO	Audit A17R0001	Final Independent Auditors' Report Fiscal Years 2017 and 2016 Financial Statements U.S. Department of Education (Budget Services and OCIO are also designated as action officials) (SAR 76, page 58)	11/13/17	3/23/18	1	8	1/14/21
OFO	Audit A04T0004 New	The U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for Fiscal Year 2018 (The report is addressed to OFO and FSA) (SAR 79, page 56)	5/29/19	7/18/19	1	5	11/30/20
OM	Audit A19P0008	The Department's Implementation of the Contractor Personnel Security Clearance Process (SAR 77, page 54)	9/20/18	12/11/18	2 Significant 1 Non-significant	4 Significant 4 Non-significant	12/31/20

**Table 4. Audit and Other Reports and Products on Department Programs and Activities (April 1, 2020, through September 30, 2020)**

Office	Report Type and Number	Report Title	Date Issued	Questioned Costs	Unsupported Costs	Number of Recs
FSA	Audit A02Q0006	Federal Student Aid's Total and Permanent Disability Discharge Process	6/18/20	-	-	8
FSA	Audit A09T0006	University of North Georgia's Controls Over Reporting Clery Act Crime Statistics	9/11/20	-	-	5
ODS	MIR X20DC0003	Challenges for Consideration in Implementing and Overseeing the CARES Act	9/10/20	-	-	0
OESE	Audit A04T0005	Florida Department of Education's Administration of the Immediate Aid to Restart School Operations Program	9/17/20	-	-	0
OESE	Audit A05S0001	The U.S. Department of Education's Processes for Reviewing and Approving State Plans Submitted Pursuant to the Elementary and Secondary Education Act of 1965, as Amended	9/28/20	-	-	3
OFO	Special Project S19U0002	Risk Assessment of the Department's Grant Closeout Process	4/24/20	-	-	0
OFO	Audit A04U0001	U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for Fiscal Year 2019	7/13/20	-	-	5
IES	Audit A19U0003	The Department's Compliance with the Geospatial Data Act	9/24/20	-	-	2
OPE	Audit A09T0007	The U.S. Department of Education's Awarding and Monitoring Grantees' Uses of Disaster Recovery Funds for Postsecondary Schools	9/30/20	-	-	5
<b>Total</b>	<b>9 reports</b>	-	-	-	-	<b>28</b>



## Table 5. Audit and Other Reports with Questioned or Unsupported Costs

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

Requirement	Number	Questioned Costs (Includes Unsupported Costs)	Unsupported Costs
A. For which no management decision has been made before the commencement of the reporting period	5	\$12,544,553	\$12,390,477
B. Which were issued during the reporting period	0	\$0	\$0
Subtotals (A + B)	5	\$12,544,553	\$12,390,477
C. For which a management decision was made during the reporting period	3	\$143,546	\$23,535
(i) Dollar value of disallowed costs	3	\$143,546	\$23,535
(ii) Dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision was made by the end of the reporting period	2	\$12,401,007	\$12,366,942

## Table 6. Audit and Other Reports with Recommendations for Better Use of Funds

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

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

## Table 7. Unresolved Reports Issued before Reporting Period, and Outstanding Unimplemented Recommendations with Aggregate Potential Cost Savings

The Department tracks audit resolution and the implementation of corrective actions related to OIG recommendations in its Audit Accountability and Resolution Tracking System. The Office of Finance and Operations maintains this system, which includes input from OIG and responsible program officials. The Audit Accountability and Resolution Tracking System includes recommendation-level detail for all internal reports where the Department is directly responsible for implementing corrective action. The system includes less detailed information on the status of individual recommendations made to external auditees, such as State educational agencies, local educational agencies, institutions of higher education, other grantees and other participants in the Federal student aid programs, and contractors. We generally do not estimate monetary benefits in our internal audits of the Department's management of its programs and operations, other than to identify better uses of funds.

We consider an audit resolved when the OIG and agency management or contracting officials agree on actions to be taken on reported findings and recommendations.

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

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
FSA	Technical Career Institute's Administration of the Federal Pell Grant and Federal Family Education Loan Program <a href="#">A02H0007</a>	The audit found that although the school met requirements for institutional, program, and student eligibility and for award calculations, it improperly paid FFEL lenders to pay off its students' loans and prevent default, and it had internal control deficiencies in its administration of the Title IV programs.  <b>Current Status:</b> FSA informed us that the audit is resolved, and it is working to complete the audit.	5/19/08	Yes	13	\$6,458
FSA	Special Allowance Payments to Sallie Mae's Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations <a href="#">A03I0006</a>	The audit found that although its billings for the special allowance payments under the 9.5 percent floor complied with laws, Sallie Mae's billing for Nellie Mae did not comply with other requirements for the 9.5 percent floor calculation.  <b>Current Status:</b> Although the audit is resolved, FSA informed us that the audit is currently under appeal.	8/3/09	Yes	3	\$22,378,905

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
FSA	SOLEX College's Administration of Selected Aspects of the Title IV Programs <a href="#">A05O0007</a>	The audit found that the school improperly disbursed Federal student aid to students who were enrolled in programs that were not qualified to participate in Federal student aid programs under the HEA.  <b>Current Status:</b> FSA informed us that the audit is resolved, and it is working to complete the audit.	9/30/15	Yes	6	\$1,795,500
FSA	Final Independent Auditors' Report for Fiscal Years 2019 and 2018 Financial Statements Federal Student Aid <a href="#">A17T0002</a> New	The audit identified one material weakness involving controls over the reliability of information used in modeling activities. The audit also identified significant deficiencies involving information technology controls and monitoring of information technology services.  <b>Current Status:</b> FSA informed us that the audit is resolved, but all corrective actions have not been completed.	11/15/19	Yes	14	\$0
FSA	Federal Student Aid's Oversight of the Heightened Cash Monitoring Payment Methods <a href="#">A03Q0006</a> New	The audit concluded that FSA's use of heightened cash monitoring was an effective oversight tool. However, we noted opportunities for FSA to improve its controls to better ensure that it (1) consistently places schools on heightened cash monitoring under certain circumstances, (2) tracks a school's method of payment status from the time of a heightened cash monitoring recommendation was made, and (3) retains all required documentation.  <b>Current Status:</b> FSA informed us that the audit is resolved, but all corrective actions have not been completed.	2/27/20	Yes	3	\$0
FSA	The University of Southern California's Compliance with Federal Verification and Reporting Requirements <a href="#">A05T0008</a> New	The audit found that the University of Southern California did not always complete verification of applicant data in accordance with Federal requirements or always accurately report verification results to FSA.  <b>Current Status:</b> FSA informed us that the audit is resolved, and it is working to complete the audit.	2/10/20	Yes	5	\$22,530

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OCIO	The Department's Compliance with FITARA Requirements <a href="#">A19S0002</a>	The audit found that improvements are needed in the Department's compliance with CIO authority enhancements and in its process for ensuring transparency and risk management of information technology resources.  <b>Current Status:</b> OCIO informed us that the audit is resolved, but all corrective actions have not been completed.	9/23/19	Yes	12	\$0
OCIO	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report for Fiscal Year 2019 <a href="#">A11T0002</a> New	The audit found that the Department and FSA were not effective in any of the five security functions—Identify, Protect, Detect, Respond, and Recover. We also identified findings in all eight metric domains, which included findings with the same or similar conditions contained in prior Office of Inspector General reports.  <b>Current Status:</b> OCIO informed us that the audit is resolved, but all corrective actions have not been completed.	10/31/19	Yes	37	\$0
OCTAE	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds <a href="#">A04O0004</a>	The audit found that the Puerto Rico Department of Education can improve its oversight of the Adult Education program to ensure that it (1) submits complete, supported, and accurate performance data to the Department, (2) uses funds in compliance with applicable laws and regulations, and (3) obtains and reviews single audit reports of subgrantees.  <b>Current Status:</b> OCTAE informed us that the audit is resolved, but all corrective actions have not been completed.	2/22/18	Yes	9	\$97,481

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OESE	Harvey Public School District 152: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses <a href="#">A05Q0003</a>	The audit found that the Harvey Public School District 152 did not always follow the policies that it designed to remediate previously reported findings of inadequate inventory management and did not design procedures to provide reasonable assurance that it submitted accurate periodic expenditure reports to the State.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	5/18/17	No Proposed resolution date: March 2021	5	\$0
OESE	Calculating and Reporting Graduation Rates in Alabama <a href="#">A02P0010</a>	The audit found that the Alabama State Department of Education's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete for the time period covered by our audit.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	6/14/17	No Proposed resolution date: March 2021	6	\$0
OESE	Detroit Public Schools Community District: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses <a href="#">A05R0001</a>	The audit found that the school district's noncompliance occurred because it did not have adequate policies and procedures to review Title I contracts, invoices, employee insurance benefit costs, and adjust journal entries to ensure they were adequately documented, reasonable, and allowable.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	3/28/18	No Proposed resolution date: March 2021	10	\$0
OESE	Orleans Parish School Board: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses <a href="#">A05R0002</a>	Other than a deficiency involving nonpublic schools, nothing came to our attention during the followup audit indicating that Orleans Parish did not design and implement policies and procedures to reduce the risk of future noncompliance. Regarding the deficiency, we found that Orleans Parish did not design and implement procedures that provided reasonable assurance that expenditures for services provided to nonpublic school students and charged to Title I funds were allowable.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	5/14/18	No Proposed resolution date: March 2021	2	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OESE	Calculating and Reporting Graduation Rates in Utah <a href="#">A06R0004</a>	The audit found Utah's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete for the time period covered by our audit and that Utah did not calculate its adjusted cohort graduation rates in accordance with Federal requirements.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	11/27/18	No  Proposed resolution date: December 2020	7	\$0
OESE	Puerto Rico Department of Education's Internal Controls Over the Immediate Aid to Restart School Operations Program <a href="#">A04S0013</a>	The audit found that the Puerto Rico Department of Education's procurement and monitoring processes did not provide reasonable assurance that it would properly administer or adequately monitor Restart program funds.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	7/17/19	No  Proposed resolution date: December 2020	6	\$0
OESE	U.S. Virgin Islands Department of Education's Internal Controls over the Immediate Aid to Restart School Operations Program <a href="#">A04S0014</a>	The audit found that the Virgin Islands Department of Education's fiscal and programmatic monitoring processes did not provide reasonable assurance that it would spend Restart program funds timely or that it would conduct effective monitoring of Restart program performance.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	6/3/19	No  Proposed resolution date: September 2021	5	\$0
OESE	Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program <a href="#">A02T0001</a> New	The audit found that Texas's system of internal control over displaced student count data did not ensure that the data provided to the Department were accurate and complete. The audit also found that Texas's system of internal control did not always ensure that LEAs used Emergency Impact Aid program funds in accordance with applicable Federal requirements.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	3/6/20	No  Proposed resolution date: March 2021	10	\$12,366,942

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OESE	Controls Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program <a href="#">A06T0001</a> New	The audit found instances of noncompliance with applicable Federal requirements and guidance relating to the use of Restart program funds.  <b>Current Status:</b> OESE informed us that it is working to resolve this audit.	2/13/20	No  Proposed resolution date: March 2021	5	\$34,065
OFO	Audit of the University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project (OPE is also designated as action official) <a href="#">A05D0017</a>	The audit found that the school did not serve the number of participants it was funded to serve and that its partnership did not provide the required matching funds.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1/14/04	Yes	4	\$1,018,212
OFO	Massachusetts Department of Elementary and Secondary Education's Oversight of Local Educational Agency Single Audit Resolution <a href="#">A09P0001</a>	The audit found that the Massachusetts Department of Elementary and Secondary Education's oversight of local education agency single audit resolution was not sufficient, as it did not always work collaboratively or communicate effectively with local educational agencies that had audit findings to ensure that they took timely and appropriate corrective action; did not have internal controls that were sufficient to ensure that it provided adequate oversight of the local educational agency audit resolution process; and did not appear to make local educational agency audit resolution a high priority.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1/25/16	Yes	5	\$0



Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OFO	Protection of Personally Identifiable Information in the Commonwealth of Virginia's Longitudinal Data System  (Note: Audit was transferred from IES to OFO.)  <a href="#">A02P0006</a>	The audit found internal control weaknesses in the State's system that contains students' personally identifiable information that increases the risk that the State will be unable to prevent or detect unauthorized access and disclosure of personally identifiable information.  <b>Current Status:</b> OFO informed us that the audit is in the Department's audit closure process.	7/12/16	Yes	3	\$0
OFO	Illinois State Board of Education's Oversight of Local Educational Agency Single Audit Resolution  <a href="#">A02P0008</a>	The audit found that the Illinois State Board of Education did not provide effective oversight to ensure that local educational agencies took timely and appropriate action to correct single audit findings.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	11/7/16	Yes	7	\$0
OFO	Protection of Personally Identifiable Information in Indiana's Statewide Longitudinal Data System (IES is also designated as an action official)  <a href="#">A06Q0001</a>	The audit found that Indiana did not provide adequate oversight of the Management and Performance Hub during the development of the Indiana Network and Knowledge system to ensure that the system meet the minimum security requirements found in the Indiana Code and the Indiana Office of Technology Information Security Framework.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	7/10/17	Yes	4	\$0
OFO (From the former OM)	The Department's Implementation of the Contractor Personnel Security Clearance Process  <a href="#">A19P0008</a>	The audit found that the Department had not effectively implemented requirements for the contractor personnel security screening process. The report also found that OM did not ensure the timeliness of security screening activities, ensure contractor employee screening information maintained was accurate and reliable, or provided adequate training to principal offices with regard to process requirements and responsibilities.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	9/20/18	Yes	11	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OFO	IDEA Public Schools' Administration of Grants for the Replication and Expansion of High-Quality Charter Schools <a href="#">A05S0013</a> New	The audit found that Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools did not include complete and accurate information for all performance measures on which it was required to report in its annual performance reports. The audit also found that IDEA Public Schools did not always spend grant funds in accordance with Federal cost principles and its approved grant applications.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	11/22/19	Yes	6	\$23,535
OFO	Final Independent Auditors' Report for Fiscal Years 2019 and 2018 Financial Statements U.S. Department of Education <a href="#">A17T0001</a> New	The report identified one material weakness involving controls over the reliability of information used in modeling activities. The audit also identified significant deficiencies involving information technology controls and monitoring of information technology services.  <b>Current Status:</b> OFO informed us that the audit is resolved, but all corrective actions have not been completed.	11/15/19	Yes	14	\$0
OPE	U.S. Department of Education's Recognition and Oversight of Accrediting Agencies <a href="#">A09R0003</a>	The audit found that the Department did not provide reasonable assurance that it recognized only agencies meeting Federal recognition criteria. We also found that the Department's oversight approach may not identify issues soon enough to mitigate or prevent potential harm to accredited institutions of higher education, students, or taxpayers.  <b>Current Status:</b> OPE informed us that the audit is resolved, but all corrective actions have not been completed.	6/27/18	Yes	3	\$0
OPEPD	Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints (The report was addressed to OM) <a href="#">A09R0008</a>	The audit found that the Office of the Chief Privacy Officer had no controls in place to ensure that it timely and effectively processed the Family Educational Rights and Privacy Act complaints. The Privacy Office officials estimated they were about 2 years behind on complaint investigations.  <b>Current Status:</b> OPEPD informed us that the audit is resolved, but all corrective actions have not been completed.	11/26/18	Yes	8	\$0

## Table 8. Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) Where the Allegations of Misconduct Were Substantiated

Description
<p>As noted on <a href="#">page 31 of this report</a>, the OIG conducted an investigation that led to the reprimand of a senior Department official for violating time and attendance policy. Our investigation found that the official, who taught part time at Bowie State University, taught classes at the university at times that conflicted with the official's Department work schedule. From 2016 to 2018, we identified more than 50 instances where the official was shown to have been teaching at Bowie State University during the official's regular workday that were not reflected on the official's time sheet. When confronted with this information, the official provided inconsistent and conflicting information to explain the discrepancies and did not provide information to support the accuracy of the time sheets. Providing false or fraudulent statements in an attendance record is a violation of 43 C.F.R. § 20.510, "Fraud or False Statements in a Government Matter," and 5 C.F.R. § 2635.705, "Use of Official Time," as well as Department policy regarding absence without leave. The OIG referred the matter to the U.S. Department of Justice on April 17, 2019, which declined prosecution on April 17, 2019. The OIG later referred the matter to the Department for administrative action. The Department placed an official reprimand in the official's personnel folder for 2 years.</p>

## Table 9. Peer Review Results

Description
<p>No peer review reports were issued during this reporting period.</p> <p>As noted in our <a href="#">Semiannual Report to Congress, No. 80</a>, the OIG conducted a peer review of the Investigative Operations of the OIG for the U.S. General Services Administration for the period ended September 30, 2019. The U.S. General Services Administration OIG received a peer review rating of pass. There were no outstanding recommendations from prior peer reviews. The report was issued in January 2020.</p>

**Table 10. Other Reporting Requirements**

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

## Acronyms and Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Clery Act	Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act
COVID-19	coronavirus disease 2019
Defraying Costs	Defraying Costs of Enrolling Displaced Students in Higher Education Program
Department	U.S. Department of Education
Direct Loan	William D. Ford Federal Direct Loan
Emergency Assistance	Emergency Assistance to Institutions of Higher Education Program
Emergency Impact Aid	Temporary Emergency Impact Aid for Displaced Students
ESEA	Elementary and Secondary Education Act of 1965, as amended
FAFSA	Free Application for Federal Student Aid
FSA	Federal Student Aid
FY	fiscal year
GONE Act	Grants Oversight and New Efficiency Act
IPERA	Improper Payments Elimination and Recovery Act of 2010
LEA	local educational agency
McKinney-Vento Act	Title VII, Subpart B of the McKinney-Vento Homeless Assistance Act of 1987, as amended by the Every Student Succeeds Act
OIG	Office of Inspector General
OPE	Office of Postsecondary Education
Pell	Federal Pell Grant
PII	personally identifiable information
PRAC	Pandemic Response Accountability Committee
Puerto Rico DOE	Puerto Rico Department of Education
Recovery Act	American Recovery and Reinvestment Act
Restart	Immediate Aid to Restart School Operations Program
Title IV	Title IV of the Higher Education Act of 1965, as amended
TPD	total and permanent disability



### FY 2021 Management Challenges

The Reports Consolidation Act of 2000 requires the OIG to identify and summarize the most significant management challenges facing the Department each year. Below are the management challenges that the OIG identified for FY 2021.

- Coronavirus Aid, Relief, and Economic Security Act (CARES Act) implementation;
- Oversight and Monitoring, including Federal student aid program participants and grantees;
- Data Quality and Reporting, including program data reporting requirements to ensure that accurate, reliable, and complete data are reported;
- Improper Payments, including meeting requirements and intensifying efforts to prevent, identify, and recapture improper payments; and
- Information Technology Security, including management, operational, and technical security controls to adequately protect the confidentiality, integrity, and availability of its systems and data.

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

Anyone knowing of fraud, waste, or abuse involving U.S. Department of Education funds or programs should contact the Office of Inspector General Hotline:

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