April 29, 2011

MEMORANDUM

TO: Ms. Kathleen Tighe, Inspector General
   Office of the Inspector General

FROM: Thomas P. Skelly
       Delegated to Perform the Functions and Duties of the Chief Financial Officer

SUBJECT: Report on High-Dollar Overpayments for the Quarter Ended March 31, 2011

The purpose of this memorandum is to comply with the high-dollar overpayments reporting requirements addressed in the Office of Management and Budget (OMB) implementation guidance M-10-13, dated March 22, 2010, relative to Executive Order 13520. The OMB guidance requires agencies to submit quarterly reports on high-dollar overpayments to the Office of Inspector General, and the Council of Inspectors General on Integrity and Efficiency.

During the reporting period covering January 1, 2011 through March 31, 2011, the U. S. Department of Education identified high-dollar overpayments totaling $1,696,759. See the Attachment for additional details.

The Department is committed to ensuring the integrity of its programs and is focused on identifying and managing the risk of improper payments and mitigating the risk with adequate control activities. The Department will continue to work closely with the Office of Inspector General and OMB to explore additional opportunities for identifying and reducing potential improper payments.

If you have any questions, please contact Hugh Hurwitz at (202) 245-6555.

cc: w/attachment
   Ms. Phyllis Fong, Chair
   Council of the Inspectors General
   on Integrity and Efficiency

   Mr. Danny Werfel, Controller
   Office of Federal Financial Management
   Office of Management and Budget
<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Payment Type (Individual / Entity)</th>
<th>Location</th>
<th>Cognizant Program</th>
<th>Recovery Action(s) Taken / Planned</th>
<th>Future Preventive Action(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/12/2011</td>
<td>$1,609,400</td>
<td>Entity</td>
<td>Renton</td>
<td>King</td>
<td>Washington</td>
<td>Pell</td>
</tr>
<tr>
<td></td>
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<td>On 2/14/2011 a refund of $1,609,400 was received and applied to the Pell award.</td>
<td>The Servicer for the school mistakenly initiated a refund for $1,788,222, rather than the intended amount of $178,822. The school’s bank reversed the transaction due to insufficient funds in its bank account after the Department sent the over-refunded amount back to the school. This was a unique error but the Department will review its refund process to assess whether sufficient internal controls are in place to prevent any future incidents.</td>
</tr>
<tr>
<td>10/2010 – 02/2011</td>
<td>$87,359</td>
<td>Entity</td>
<td>Cincinnati</td>
<td>Hamilton</td>
<td>Ohio</td>
<td>Direct Loan</td>
</tr>
</tbody>
</table>