

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



**Semiannual Report
to Congress
No. 43**

April 1 - September 30, 2001

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October 31, 2001

Honorable Roderick R. Paige
Secretary of Education
Washington, DC 20202

Dear Mr. Secretary:

I am pleased to submit to you, in accordance with the Inspector General Act of 1978 (Public Law 95-452, as amended, section 5(b)), this semiannual report on the activities of the Department's Office of Inspector General (OIG) for the six-month period ending September 30, 2001.

The enclosed report highlights our most significant work of the period, with particular focus on the areas of financial management and internal controls, information technology security, and student financial assistance. These areas are also included in the work of the Department's Management Improvement Team. We followed up on our internal control work, and testified twice about the results of that work. Our review of the Department's implementation of the Government Information Security Review Act identified a number of significant deficiencies in the agency-wide and principal office security plans. The Department is working to resolve our recommendations. Our investigations into fraud in the student financial assistance programs resulted in significant convictions, sentencing, and monetary restitutions.

The Inspector General Act requires you to transmit this report within 30 days to the appropriate congressional committees and subcommittees, together with a report containing any comments you wish to make. Your report should also include the statistical tables specified in section 5(b)(2) and (3), and a statement with respect to audit reports on which management decisions have been made, but final action has not been taken, as specified in section 5(b)(4).

We are committed to carrying out our legislative mandate to identify fraud, waste, and abuse, and to recommend appropriate corrective actions. I look forward to continuing to work together with you and Department managers to ensure that Department of Education programs and operations serve the nation's students and taxpayers with efficiency, effectiveness, and integrity.

Sincerely,

Lorraine Lewis

Inspector General's MESSAGE TO CONGRESS

We are pleased to provide this semiannual report on the accomplishments of the Office of Inspector General (OIG), U.S. Department of Education, from April 1, 2001 through September 30, 2001. During this period, we issued 53 audit and inspection reports and memoranda, closed 116 investigations, and testified before congressional committees three times. Our testimony covered financial management and internal controls, distance education, and incentive compensation ban subjects.

My vision for OIG is set forth in our mission statement and is reflected in the work we do. Our mission statement commits us to promote the efficiency, effectiveness, and integrity of the Department's programs and operations.

We also established core values of excellence, accountability, and integrity. These values form the foundation of our mission and our work. Our mission and values statements may be found on the OIG website, at <http://www.ed.gov/offices/OIG/>.

Our independent oversight is vital to ensure integrity and improve the operation of education programs as the amount of taxpayer dollars committed to the Department's stewardship increases. Our workplan for 2002-2003 provides detailed information on our future initiatives, and is at <http://www.ed.gov/offices/OIG/misc/wp2002.pdf>.

In this report, we focus on three issues of critical importance to the Department: financial management and internal controls, information technology security, and student financial assistance. In financial management and internal controls, we continue to work in the area of improper payments. We and the Department discussed the importance of this issue recently in letters to Senators Lieberman and Thompson.

These three issues were also a focus of the Secretary's Management Improvement Team (MIT). OIG's work formed the basis of most of the outstanding recommendations the MIT reviewed. OIG provided timely suggestions for the Secretary's Blueprint for Management Excellence and Action Plan, issued on October 30.

We look forward to continuing to work with the Congress and the Secretary on these three issues and other management challenges facing the Department.

Lorraine Lewis

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ACTIVITIES AND ACCOMPLISHMENTS

The Office of Inspector General (OIG), for the period April 1 to September 30, 2001, continued its work to improve the programs and operations of the Department of Education (the Department, or ED) and to protect their integrity. In particular, we focused on areas in which we have identified long-standing weaknesses – financial management and internal controls, information technology (IT) security, and the student financial assistance programs.

In response to Congressional, OIG and General Accounting Office (GAO) concerns about the management of the Department, the Secretary this period established a Management Improvement Team (MIT) to, among other things, identify and close as many short-term management improvement recommendations as possible. These are largely OIG recommendations that we identified in our audit, inspection, and investigation work. The Secretary's report, "Blueprint for Management Excellence," may be found at <http://www.ed.gov/inits/mit/blueprint.pdf>.

Among the Department problems identified by the MIT are the OIG focus areas listed above. We are pleased to be contributing to this effort with our extensive recommendations for improvement, by working with the team to see that these recommendations are resolved, and by detailing two OIG staff members to the team. The Deputy Inspector General, on detail to the Department, leads the MIT.

Below, we highlight our most significant activities during this reporting period, with particular emphasis on our work related to the Department's financial management and internal controls, IT security, and the student financial assistance programs. You may find more detailed descriptions of our activities on our Web site, at <http://www.ed.gov/offices/OIG>.

FINANCIAL MANAGEMENT AND INTERNAL CONTROLS

OIG audits, inspections, and investigations have identified long-standing deficiencies in the Department's internal controls and financial management. In testimony on two occasions this period before the House Subcommittee on Select Education, Committee on Education and the Workforce, the Inspector General and GAO discussed the Department's progress and continued challenges as it seeks to improve its financial management and internal controls. The Inspector General's statements are available on the OIG website, at <http://www.ed.gov/offices/OIG/AuditRpts/stmt042001.pdf> and <http://www.ed.gov/offices/OIG/AuditRpts/stmt072001.pdf>.

Disbursement Process

We contracted this period with Ernst & Young, LLP for reviews of the Department's controls over payment systems and processes for three programs. The reviews found that the programs needed better data integrity controls to reduce the risk of erroneous payments. The programs were in the offices of Elementary and Secondary Education (Impact Aid), Educational Research and Improvement, and Vocational and Adult Education. The Department concurred with the findings and agreed to act on the recommendations.

In cooperation with the Office of the Chief Financial Officer (OCFO) and Student Financial Assistance (SFA), Ernst & Young developed business maps documenting the workflow and key internal controls for various disbursement processes. These maps will assist management in continually assessing and evaluating its internal controls to meet the challenges of an ever-changing environment.

We began to review the resolution and recovery of duplicate payments after the Department identified several instances of duplicate payments for fiscal years 1998, 1999 and 2000. Our work revealed that there are several Department payment methods. These payment systems and processes are critical elements in the financial management of the Department, and we will continue to evaluate the Department's progress in eliminating duplicate payments and other types of improper payments. We and the Department recently discussed the importance of this issue in letters to Senators Lieberman and Thompson.

Grants Administration and Payment System

We conducted a review of the Department's Grants Administration and Payment System (GAPS) and found that 648 records applicable to the period May 1998 through October 2000 were missing. GAPS, a component of the Department's core financial system, supports grant planning and award management of Department programs, including discretionary and formula grants. The missing records are needed to identify changes made to bank accounts, who made the changes, and when the changes were made. They are critical to ensuring database integrity and management control. As a result of our findings, OCFO has begun efforts to determine why the records are missing. ("Missing Records in the Grants Administration and Payment System," *Action Memorandum FIN-01-01, September 25, 2001.*)

Purchase Cards and Third-Party Drafts

We issued a follow-up report on the Department's internal control over purchase cards. We found that while the Department has made some improvement, more work is necessary. We had found significant supervisory and procedural weaknesses in previous reviews of internal controls over the purchase card and third-party draft programs (see *Semiannual Report No. 42*, page 6). The Department has stopped using third-party drafts. We are continuing our review of the Department's controls over purchase cards. GAO also continues to look in this area. ("Follow-up Review of Internal Control Over Purchase Cards," *ED-OIG/A&I 2001-04, September 28, 2001.*)

Contracting

We reviewed the management of government property by two Department contractors, and identified similar internal control weaknesses at both. Internal controls to ensure the integrity and proper management of Department funds are critical, not only in the Department but also in the operations of contractors who manage Department property and funds.

➤ CONTROLS OVER GOVERNMENT-FURNISHED PROPERTY

Our reviews disclosed significant supervisory and procedural weaknesses in the management of government property. We found that the contractors did not properly identify the property and did not comply with recordkeeping, reporting, or inventory requirements. Internal controls to ensure the integrity and proper management of Department funds are critical not only within the Department, but also within the operations of contractors. Our audits did not disclose any fraud. We recommended several

corrective actions. Both contractors generally agreed with our findings. (“Audit of Controls over Government Property Furnished to Affiliated Computer Services, Inc.,” *ED-OIG/A19-B0004, April 20, 2001* and “Controls over Government Property Managed by Raytheon Systems Company,” *ED-OIG/A19-B0005, September 19, 2001*.)

➤ **INVESTIGATIONS**

OIG investigations of Department contractors and employees resulted in a number of criminal prosecutions. Our work led to a 19-count indictment of 11 individuals for defrauding the Department of \$634,000 of unworked overtime and \$300,000 in equipment kept for personal use. Our work in this case resulted in seven guilty pleas in prior reporting periods (*Semiannual Report No. 41, page 4* and *Semiannual Report No. 42, page 17*).

INFORMATION TECHNOLOGY SECURITY

IT security has been and remains a significant management challenge for the Department, and we continue to dedicate significant audit resources to identify and report on vulnerabilities in its IT systems. Our audit work, and that of GAO, has been a major factor in the Department’s identification of IT security as a material weakness in its annual Federal Managers’ Financial Integrity Act reports since fiscal year 1999. In addition, Ernst & Young identified controls surrounding IT systems as a material weakness in its Report on Internal Controls for Fiscal Year 2000 Financial Statement Audit.

Government Information Security Reform Act

Our audit of the Department’s implementation of the Government Information Security Reform Act (GISRA) found that the Department is not in full compliance with the Act’s requirements for agency-wide information security programs. We made 15 recommendations based on our audit findings.

GISRA requires agency-wide information security programs to include periodic risk assessments, policies, and procedures to reduce security risks to an acceptable level. It further requires that agencies implement security awareness and training, testing of the effectiveness of security policies and procedures, a process for correcting any significant deficiencies, and procedures for handling security incidents. Agency program officials must review, at least annually, each information security program. GISRA also requires the agency’s Inspector General to perform an independent evaluation of the agency’s information security program and practices in fiscal years 2001 and 2002.

We identified significant deficiencies in the agency-wide and principal office security plans, programs, and practices. We also identified major weaknesses in management, operational, and technical controls. Our findings confirm that principal offices are not effective in protecting critical resources from unauthorized access or modification, although the Department has made improvements. The Department advised us that it has developed Plans of Action and Milestones to address our findings, to be submitted to the Office of Management and Budget. (“Department of Education’s Implementation of GISRA,” *ED-OIG/A11-B0007, September 7, 2001*.)

STUDENT FINANCIAL ASSISTANCE

OIG work during the period continued to show the student financial assistance programs as one of the top management challenges facing the Department. One of the Secretary’s goals is to

remove these programs from the General Accounting Office's High Risk List. Our work during the period revealed areas of concern similar to those of prior periods.

Financial Responsibility

Our review of SFA's enforcement of the Higher Education Act's (HEA) institutional financial responsibility requirements found that SFA has not established sufficient controls and procedures to ensure that it enforces the requirements in a consistent and timely manner. Institutions must meet the HEA's financial responsibility requirements to participate in the student financial assistance programs. We recommended that the Chief Operating Officer for SFA develop and implement policies, procedures, and contract modifications to improve management controls and procedures for enforcing the financial responsibility regulations. SFA concurred with our findings, and advised us that they had previously identified some weaknesses and had begun actions to correct them. ("Student Financial Assistance Enforcement of the Institutional Financial Responsibility Regulations," *ED-OIG/A09-A0018, September 28, 2001.*)

Course-Length Requirements

We completed audits on course-length requirements at three schools. We found that the schools could not demonstrate compliance with the required number of instructional hours to meet the statutory definition of an academic year. We recommended that William Penn University return \$950,593 in Federal Family Education Loan (FFEL) funds to lenders and \$239,242 in Pell Grant funds to the Department. We also recommended that Olivet Nazarene University return to lenders \$434,500 in FFEL funds. Our recommendation for monetary recovery from Indiana Wesleyan University concerned incentive compensation, as described in the section below. The universities did not agree with our conclusions and recommendations. These audits are pending resolution. ("Audit of Course Length at William Penn University," *ED-OIG/A07-B0001, September 28, 2001*; "Audit of Commissioned Sales and Course Length at Indiana Wesleyan University," *ED-OIG/A05-B0004, September 28, 2001*; "Audit of Course Length at Olivet Nazarene University," *ED-OIG/A05-B0014, September 28, 2001.*)

In testimony this period before the House Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce, the Inspector General urged Congress to provide a statutory definition of instruction. A definition will help assure that all students receive an appropriate amount of instruction, through traditional as well as non-traditional methods, to justify the amount of student financial assistance funds awarded. The Inspector General's statement is available at <http://www.ed.gov/offices/OIG/AuditRpts/stmt062001.pdf>.

Incentive Compensation

Our audits at three schools disclosed violations of the HEA's incentive compensation provision, which prohibits institutions from paying individuals or organizations based on their success in enrolling students or obtaining student financial aid for the school. In each case, we found the school paid the Institute of Professional Development a percentage of tuition for all students enrolled in certain of its programs. In our largest recommendation for monetary recovery in this area this period, we recommended that Indiana Wesleyan University return \$30,022,551 in FFEL funds to lenders. The schools did not agree with our conclusions and recommendations. These audits are pending resolution. ("Audit of Commissioned Sales at Olivet Nazarene University," *ED-OIG/A05-A0030, May 21, 2001*; "Audit of Commissioned Sales and Course Length at Indiana Wesleyan University," *ED-OIG/A05-B0004, September 28, 2001*; "Audit of Commissioned Sales at William Penn University," *ED-OIG/A07-90035, May 15, 2001.*)

We are concerned that payments based on success in securing student enrollment create incentives to engage in misrepresentation or other improper recruiting tactics, and recommend that a complete ban on improper incentives is the most effective way to protect students. The Inspector General also addressed incentive compensation in the testimony cited above (“Course-Length Requirements”).

Institutional and Recipient Fraud

OIG investigations continued to result in prosecution of individuals who defraud the student financial assistance programs. These individuals engaged in various types of fraud, including fraud involving loan defaults and collections and submission of Pell Grant applications for non-existent or ineligible students. This period we also saw significant results in our cases against financial aid preparers. Highlights of our work follow.

➤ **FRAUD INVOLVING LOAN DEFAULTS/COLLECTIONS**

OIG cases against school officials and others who attempted to defraud the Department’s loan programs with loan fraud schemes led to three indictments, a sentencing, and civil settlements. Two examples follow.

- A Maryland attorney devised a scheme to collect monies from borrowers, but did not forward all of the funds he collected to the guaranty agencies. He was sentenced to four months in a halfway house, four months home detention and two years of supervised probation, and was ordered to pay \$16,655 in restitution.
- A proprietary school and a default management company operating in Oklahoma and Kansas entered into civil settlements in which they agreed to pay the Department a total of \$475,000. The case involved allegations that employees at both institutions submitted fraudulent forbearance forms to lenders, which had the effect of lowering the schools’ cohort default rates, thereby preserving their participation in student loan programs.

➤ **ELIGIBILITY FRAUD**

OIG agents uncovered eligibility fraud schemes that led to sentencings for the school owners and officials who perpetrated them. Examples include the following.

- The co-owner of a two-campus Texas proprietary school was sentenced to 37 months incarceration and ordered to pay restitution of \$1,105,789 for disbursing student financial assistance funds to students at one of the campuses before the Department had approved its participation in the student financial assistance programs.
- The former admissions representative/director at a Missouri school was the fourth official from that school to be sentenced for participating in a conspiracy to submit fraudulent Pell Grant applications and supporting documentation to obtain student financial assistance funds. The school’s high default rate had caused it to lose eligibility to participate in the Guaranteed Student Loan program several years before.
- The president of a Florida community college was sentenced to 46 months in prison for her role in a scheme to enroll elderly clients in Pell-eligible courses that offered only exercise and handcrafts. (See *Semiannual Report No. 42*, pages 14-15 for a report on four guilty pleas in this case.)

- The owner of a Midwest career college was sentenced to 51 months incarceration for instructing employees to falsely report that ineligible students admitted to the school were eligible for student aid. (See *Semiannual Report No. 41*, page 11, for additional information on this case.)

- **PREPARER FRAUD**

OIG investigations continue to identify individuals, known as student aid “preparers,” who assist parents in filling out false financial aid forms enabling them to fraudulently obtain student financial assistance funds for their children. This period, five preparers, five parents and two students pled guilty or were sentenced in the Northern District of Illinois for participating in such schemes. Fines, restitutions and civil settlements resulting from preparer cases totaled more than \$500,000.

OTHER SIGNIFICANT ACTIVITIES

Elementary, Secondary, and Other Education Programs

Our work relating to elementary, secondary and other education programs disclosed findings relating to management controls over Individuals with Disabilities Education Act (IDEA) performance data, monitoring, and adult education.

- **CONTROLS OVER DATA COLLECTION AND REPORTING**

Reviewing grantees’ compliance with Government Performance and Results Act (GPRA) requirements is an ongoing priority for OIG. The integrity of IDEA, Part B state-reported data is of particular importance because the Department relies on it to provide Congress an objective and accurate measure of the success of its special education programs, as required under GPRA.

Our audits at the Michigan and Kansas state departments of education found that both need to take additional steps to improve management controls over the collection and reporting of data. Both Michigan and Kansas generally agreed with our findings and have already taken steps to correct some of the deficiencies. We also issued an information memorandum to the Department on our GPRA/IDEA reviews. The memorandum did not require a response. (“Michigan Department of Education Management Controls over IDEA,” *ED-OIG/A05-A0031*, September 21, 2001; “Kansas State Department of Education, Management Controls Over IDEA, Part B – Special Education Performance Data,” *ED-OIG/A07-A0020*, July 20, 2001; *State and Local Information Memorandum No. 01-02*, September 28, 2001.)

- **VIRGIN ISLANDS**

We issued two reports on the continuing lack of adequate management controls in the Virgin Islands Department of Education (VIDE). We determined that the Department cannot rely on the financial management and personnel practices used by the Virgin Islands government in administering salary costs for the IDEA, Part B programs. VIDE generally concurred with our findings and recommendations. (“Audit of the Virgin Islands Department of Education, Special Education Payroll,” *ED-OIG/A04-B0013*, July 17, 2001; “The Virgin Islands Government Lacks Adequate Management Controls Over the Administration of Its IDEA, Part B Grant Program Salary Costs,” *ED-OIG/A04-A0015*, July 27, 2001.)

This work follows our previous work at VIDE. Last period, we alerted the Department to concerns we identified during our ongoing audit of VIDE's compliance with IDEA, Part B (*Semiannual Report No. 41*, page 10). We remain concerned about VIDE's administration of Department programs and the progress being made to correct deficiencies. We continue to meet with Department and interagency teams to discuss problems in the Virgin Islands.

➤ **PUERTO RICO DEPARTMENT OF EDUCATION**

Our review of the Puerto Rico Department of Education's (PRDE) administration of contracts under the Title I programs found PRDE's cash management practices inadequate and its internal controls ineffective to administer the programs. We recommended that the Department require PRDE to establish adequate controls over its procurement procedures.

We continue to be concerned about PRDE's administration of Department programs. We have been meeting with Department and PRDE officials to discuss deficiencies identified in OIG audits and single audits performed under the Single Audit Act of 1984, which established uniform entity-wide audit requirements for state and local governments receiving federal financial assistance. This period we met with Departmental, PRDE, and Puerto Rico Governor's Office officials to discuss issues regarding this audit and one we did last period on PRDE Title I contracts. Puerto Rico officials were in general agreement with our findings. ("Puerto Rico Department of Education Did Not Administer Properly Title I Contracts with National School Services of Puerto Rico for the 1999/2000 and 2000/2001 School Years," *ED-OIG/A02-B0012*, September 2001.)

➤ **INVESTIGATIONS RELATING TO ADULT EDUCATION**

OIG investigative efforts resulted in indictments of two community-based organizations that received adult education funds and allegedly submitted false claims to the Department. Both received Department funds through the California Department of Education to provide adult education courses, including courses in adult basic education, English as a Second Language (ESL), and ESL-citizenship. The total amount of Department funds at risk in these cases is an estimated \$3,938,000.

Nonfederal Audit Activities

Participants in Department programs are required to submit annual financial statements and to comply with audits performed by independent public accountants (IPAs). In accordance with the Inspector General Act's direction to assure that work performed by nonfederal auditors complies with federal government auditing standards, we publish audit guidance specific to Department programs to assist IPAs in performing these audits.

We performed 48 quality control reviews of audits by 42 different IPAs. Of these, 30 were acceptable, 14 were technically deficient, and 4 were substandard. We also referred four IPAs to the American Institute of Certified Public Accountants and/or the appropriate State Board of Accountancy for possible disciplinary action: two for substandard work reported in a prior semiannual report, and two because they could not provide working papers for our review.

P.L. 95-452

Reporting Requirements

Section	Requirement	Appendix Number	Page Number
Sections 5(a)(1) and 5(a)(2)	Significant Problems, Abuses, and Deficiencies Significant Activities and Accomplishments	*	1
Section 5(a)(3)	Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed	1	9
Section 5(a)(4)	Matters Referred to Prosecutive Authorities Investigation Services Cumulative Actions	7	18
	Statistical Profile	9	23
Sections 5(a)(5) and 6(b)(2)	Summary of Instances Where Information Was Refused or Not Provided**		
Section 5(a)(6)	Listing of Audit Reports ED/OIG Audit Services Reports on Education Department Programs and Activities	3	11
Section 5(a)(7)	Summary of Significant Audits Significant Activities and Accomplishments	*	1
Section 5(a)(8)	Audit Reports Containing Questioned Costs Inspector General Issued Audit Reports with Questioned Costs	4	15
Section 5(a)(9)	Audit Reports Containing Recommendations That Funds Be Put to Better Use Inspector General Issued Audit Reports with Recommendations for Better Use of Funds	5	15
Section 5(a)(10)	Summary of Unresolved Audit Reports Issued Prior to the Beginning of the Reporting Period Unresolved Reports Issued Prior to April 1, 2001	6	16
Section 5(a)(11)	Significant Revised Management Decisions**		
Section 5(a)(12)	Significant Management Decisions with Which OIG Disagreed**		

* - Information found in pages 1-7 of the Semiannual Report.

** - No instances to report.

Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed

Section 5(a)(3) of the Inspector General Act requires a listing of each report resolved before the commencement of the reporting period for which management has not completed corrective action. The reports listed below are OIG internal and nationwide audit reports and management improvement reports.

Report Number	Auditee/Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Date Resolved	Total Monetary Findings	Number of Recommendations		Latest Target Closure Date
					Open	Closed	
New Since Last Reporting Period							
<u>Student Financial Assistance</u>							
03-90003	Audit of Case Management and Oversight's Audit Tracking and Resolution Process (SAR 41, pg. 23)	09/29/00	01/31/01	*	1	6	12/31/01
01-90005	The Recertification Process for Foreign Schools Needs to Be Improved (SAR 41, pg. 23)	09/29/00	03/31/01	*	1	3	09/30/02
05-90024	Consolidating Defaulted Loans in the Federal Consolidation Loan Program within the Federal Family Education Loan (FFEL) Program (SAR 41, pg. 23)	09/28/00	01/31/01	*	4	0	12/31/01
17-90018	U.S. Department of Education - Student Financial Assistance - Audited Financial Statements - For the Fiscal Year Ended September 30, 1999 (SAR 40, pg. 19)	02/28/00	09/30/00	*	2	21	06/28/02
<u>Office of Postsecondary Education</u>							
04-90014	Review of the Title III Program, HEA, Compliance with GPR Requirements for Implementation of Performance Indicators (SAR 41, pg. 23)	06/30/00	03/31/01	*	7	0	12/31/02
<u>Office of the Chief Information Officer</u>							
11-90013	Review of Security Posture, Policies and Plans (SAR 40, pg. 3)	02/25/00	06/30/00	*	5	8	06/30/01
11-90018	Review of EDNET Security (SAR 41, pg. 22)	07/10/00	03/31/01	*	12	48	08/01/01
11-A0005	Review of Planning and Assessment Activities for Presidential Decision Directive 63 on Critical Infrastructure Protection (SAR 41, pg. 22)	09/14/00	03/31/01	*	7	3	11/30/01
<u>Office of the Deputy Secretary</u>							
11-A0014	Audit of the U.S. Department of Education's Controls Over Cellular Phones (SAR 41, pg. 22)	09/15/00	01/31/01	*	0	7	**
<u>Office of the Chief Financial Officer</u>							
17-80006	Fiscal Year 1998 Annual Financial Statements (SAR 40, pg. 19)	11/18/99	08/31/00	*	2	26	10/31/01
17-90019	Fiscal Year 1999 Annual Financial Statements U.S. Department of Education (SAR 40, pg. 19)	02/28/00	07/31/00	*	2	22	01/31/02
Reported in Previous Semiannual Report							
<u>Office of Postsecondary Education</u>							
04-60001	Process Enhancements in the HEA, Title III, Institutional Aid Program Would Increase Program Efficiency, Despite Limited Resources (SAR 32, pg. 9)	03/27/96	08/31/96	*	1	3	08/01/01
MIR 92-05 09-18053	ED Needs To Strengthen Student Loan Cure Procedures (SAR 24, pg. 12)	03/13/92	09/30/93	\$154,000,000	1	0	09/30/02

MIR - Management Improvement Report

* - Non-monetary findings only.

** - Received closure memo dated 10/16/01.

Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed (Cont.)

Report Number	Auditee/Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Date Resolved	Total Monetary Findings	Number of Recommendations		Latest Target Closure Date
					Open	Closed	
<u>Student Financial Assistance</u>							
A03-70010	Audit of the U.S. Department of Education's Closed School Process (SAR 39, pg. 17)	06/30/99	01/31/00	\$24,058,432	1	6	10/31/01
<u>Office of the Chief Financial Officer</u>							
17-40303	The Report of Independent Accountants on the U.S. Department of Education Fiscal Year 1995 Department-wide Financial Statements (SAR 33, pg. 14)	08/16/96	03/31/97	*	2	24	10/31/01
17-60002	The Report of Independent Accountants on the U.S. Department of Education Fiscal Year 1996 Department-wide Financial Statements (SAR 35, pg. 19)	07/31/97	05/31/99	*	2	33	10/31/01
17-70002	U.S. Department of Education's Fiscal Year 1997 Financial Statements and Accompanying Notes (SAR 37, pg. 13)	06/15/98	05/31/99	*	2	35	10/31/01
<u>Office of the Chief Information Officer</u>							
11-70007	The Status of Education's Implementation of the Clinger-Cohen Act (SAR 36, pg. 19)	03/31/98	08/31/99	*	1	10	02/28/02
<u>Office of the Under Secretary</u>							
17-70007	Moving Towards a Result-Oriented Organization: A Report on the Status of ED's Implementation of the Results Act (SAR 37, pg. 14)	09/24/98	01/31/00	*	1	7	03/31/02

Appendix 2

Other ED/OIG Reports on Education Department Programs and Activities

Report Number	Report Title	Date Issued
Analysis and Inspection Reports		
2001-02	Review of Student Financial Assistance's Performance Plan	09/21/01
2001-04	Follow-up Review of Internal Control Over Purchase Cards	09/28/01

* - Non-monetary findings only.

** - Received closure memo dated 10/16/01.

ED/OIG Audit Services Reports on Education Department Programs and Activities (April 1, 2001 to September 30, 2001)

Section 5(a)(6) of the Inspector General Act requires a listing of each report completed by OIG during the reporting period. A total of 33 audit reports were issued by ED/OIG auditors. In addition, we issued 20 alternative products, which include action memoranda¹, information memoranda, close-out letters, special projects, and a joint project with Student Financial Assistance. The 53 reports are listed below by program office.

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommendations
AUDIT REPORTS						
<u>Office of the Chief Financial Officer</u>						
A17-B0003	U.S. Department of Education Management Letter Fiscal Year 2000	04/06/01	*	*	*	39
<u>Office of the Chief Information Officer</u>						
A11-A0011	Audit of the Department's Records Management Program	09/27/01	*	*	*	7
A11-B0007	Department of Education's Implementation of GISRA (Government Information Security Reform Act)	09/07/01	*	*	*	15
<u>Office of Elementary and Secondary Education</u>						
A02-B0012	Puerto Rico Department of Education Did Not Administer Properly Title I Contracts With National School Services of Puerto Rico for the 1999/2000 and 2000/2001 School Years	09/28/01	\$1,324,825	\$7,087,455	*	10
A03-A0021	Review of the Office of Elementary and Secondary Education Discretionary Grants Monitoring Process	09/24/01	*	*	*	4
<u>Office of Postsecondary Education</u>						
A03-A0019	Audit of Lincoln University's Administration of the Title III Grant	07/27/01	\$62,479	\$124,818	*	7
<u>Office of Special Education and Rehabilitative Services</u>						
A04-A0015	The Virgin Islands Government Lacks Adequate Management Controls Over the Administration of Its IDEA, Part B Grant Program Salary Costs	07/25/01	\$131,542	\$4,571,000	*	15
A04-B0013	Audit of the Virgin Islands Department of Education, Special Education Payroll	07/17/01	*	*	*	4
A05-A0031	Michigan Department of Education Management Controls over IDEA, Part B - Special Education Performance Data	09/21/01	*	*	*	12
A05-B0001	Audit of IDEA Part B Carryovers at the Indiana Department of Education, Indianapolis, Indiana	09/18/01	*	*	*	1
A05-B0021	Audit of IDEA Part B at the Mississippi Department of Education, Jackson, Mississippi	09/06/01	*	*	*	0
A05-B0022	Audit of IDEA Part B at the California Department of Education, Sacramento, California	09/24/01	*	*	*	0
A07-A0020	Kansas State Department of Education Management Controls Over IDEA, Part B - Special Education Performance Data	07/20/01	*	*	*	10
<u>Office of Vocational and Adult Education</u>						
A04-B0010	The Division of Vocational-Technical Education's Monitoring of Formula Grants	09/25/01	*	*	*	2
<u>Student Financial Assistance</u>						
A05-A0030	Audit of Commission Sales at Olivet Nazarene University	05/21/01	\$3,299,891	*	*	4
A05-B0004	Indiana Wesleyan University, Adult and Professional Studies Administration of Title IV Programs, Marion, Indiana	09/28/01	\$31,682,782	*	*	5

¹ Action Memoranda notify the Department's management of issues and problems detected so that appropriate action is taken. Action Memoranda are pre-decisional and will not appear on our web site.

ED/OIG Audit Services Reports on Education Department Programs and Activities (April 1, 2001 to September 30, 2001) (Cont.)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommendations
<u>Student Financial Assistance (Cont.)</u>						
A05-B0007	Audit of the Michigan Guaranty Agency's Administration of the Federal Family Education Loan Program Federal and Operating Funds	09/25/01	\$1,100,400	*	*	4
A05-B0014	Audit of Course Length at Olivet Nazarene University	09/28/01	*	*	*	4
A05-B0025	Rush University's Administration of Title IV, SFA Programs	09/07/01	*	*	*	0
A06-A0001	Interactive Learning Systems' Administration of the Title IV Student Financial Assistance Programs	07/20/01	\$990,828	*	*	7
A06-A0015	ESS College of Business' Administration of the Title IV Student Financial Assistance Programs	08/29/01	\$4,439,651	*	*	4
A06-B0009	Audit of Southwest Texas University's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	09/28/01	\$11,200	*	*	3
A06-B0010	Audit of McLennan Community College's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	07/23/01	\$486	*	*	0
A06-B0013	Audit of the University of Arkansas at Little Rock's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	09/28/01	\$1,172	*	*	1
A06-B0014	Audit of United Education Institute's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	09/06/01	\$7,285	*	*	1
A07-90035	Audit of Commissioned Sales at William Penn University	05/15/01	\$5,023,447	*	*	4
A07-B0001	Audit of Course Length at William Penn University	09/28/01	*	*	*	4
A09-A0018	Student Financial Assistance Enforcement of the Institutional Financial Responsibility Regulations	09/28/01	*	*	*	17
A09-A0021	Indiana State University's Policies and Procedures Covering Educational Programs and Courses Delivered Through Distance Education Methods	05/18/01	\$9,686	*	*	4
A17-B0004	Student Financial Assistance Fiscal Year 2000 Management Letter	04/06/01	*	*	*	31
A19-B0004	Audit of Controls over Government Property Furnished to Affiliated Computer Services, Inc.	04/20/01	*	*	*	6
A19-B0005	Audit of Controls over Government Property Managed by Raytheon Systems Company	09/19/01	*	*	*	6
<u>Not Related to Any Program Office</u>						
A03-B0003	Audit of the Implementation of the District of Columbia College Access Act of 1999	08/31/01	*	*	*	4
ALTERNATE AUDIT SERVICES PRODUCTS						
<u>Office of the Chief Financial Officer</u>						
E07-B0018	Inadequate Controls Allow the Obligation of Funds Greater than Delegated Authority (SFA Action Memo No. 01-05)	05/31/01	*	*	*	3
E17-B0010	Missing Records in the Grants Administration and Payment System (GAPS) (FIN Action Memo No. 01-01)	09/25/01	*	*	*	1

* - Non-monetary finding only. ** - Includes other recommended recoveries.

A - Audit S - Special Report E - Action Memorandum

ED/OIG Audit Services Reports on Education Department Programs and Activities (April 1, 2001 to September 30, 2001) (Cont.)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommendations
<u>Office of the Chief Financial Officer (Cont.)</u>						
S17-B0016	Transmission of Business Maps Documenting the Workflow and Key Internal Controls Resulting from the Review of Various Disbursement Processes within the U.S. Department of Education Office of the Chief Financial Officer	09/27/01	*	*	*	0
<u>Office of Educational Research and Improvement</u>						
S17-B0014	Review of the Discretionary Grant Disbursement Process within the U.S. Department of Education Office of Educational Research and Improvement	07/19/01	*	*	*	2
<u>Office of Elementary and Secondary Education</u>						
S17-B0013	Review of the Impact Aid Program Disbursement Process within the U.S. Department of Education Office of Elementary and Secondary Education	07/19/01	*	*	*	4
<u>Office of Special Education and Rehabilitative Services</u>						
A04-B0012	The Office of Special Education Programs Monitoring of Formula Grants ²	07/02/01	*	*	*	0
S05-B0031	Wisconsin Department of Workforce Development's Administration of its Vocational Rehabilitation Grants to States Program ²	08/06/01	*	*	*	0
S09-B0013	State-Reported Data Used to Evaluate Performance of the Individuals with Disabilities Education Act (IDEA), Part B - Special Education Programs (State and Local Information Memo No. 01-02)	09/28/01	*	*	*	0
<u>Office of the Under Secretary</u>						
S09-B0004	State-Reported Data Used in Measuring Performance of Education Programs (State and Local Information Memo No. 01-01)	08/03/01	*	*	*	0
<u>Office of Vocational and Adult Education</u>						
S17-B0015	Review of the Formula Grant Disbursement Process within the U.S. Department of Education Office of Vocational and Adult Education	07/19/01	*	*	*	2
<u>Student Financial Assistance</u>						
A06-B0001	Identification of Schools Not Making Title IV Refunds ²	08/06/01	*	*	*	0
A06-B0008	Survey of the William D. Ford Federal Direct Loan Program at the University of Alabama at Birmingham ²	08/06/01	*	*	*	0
E06-B0030	South Texas Vocational Technical Institute's Compliance with the Financial Responsibility Requirements (SFA Action Memo No. 01-07)	09/14/01	*	*	*	3
E07-B0023	Share In Saving Task Order Baseline Overstated (SFA Action Memo No. 01-06)	08/01/01	*	*	*	3
A09-B0006	Policies and Procedures for Distance Education - Golden Gate University, San Francisco, CA ²	06/29/01	*	*	*	0
A09-B0007	Survey of Computer Education Institute and California Education Institute College Administration of Title IV Programs in Compliance with the Higher Education Act of 1965 as amended ²	06/13/01	*	*	*	0

² Audit closure notice - notice to close assignment without issuing an audit report.

* - Non-monetary finding only. ** - Includes other recommended recoveries.
A - Audit S - Special Report E - Action Memorandum

**ED/OIG Audit Services Reports on Education Department
Programs and Activities (April 1, 2001 to September 30, 2001) (Cont.)**

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommendations
<u>Student Financial Assistance (Cont.)</u>						
E09-B0012	Proposed Performance Incentives for Operation of the Document Receipt and Control Center Need Further Development Before Inclusion in the Department's Contract with Friday Systems Services, Inc. (SFA Action Memo No. 01-04)	05/02/01	*	*	*	2
S11-A0017	PEPS Data Reliability Assessment ³	08/22/01	*	*	*	0
S17-B0017	Transmission of Business Maps Documenting the Workflow and Key Internal Controls Resulting from the Review of Various Disbursement Processes within the U.S. Department of Education Student Financial Assistance	09/28/01	*	*	*	0
A19-B0007	Audit of Treasury Offsets Returned to Borrowers ²	06/21/01	*	*	*	0

² - Audit closure notice - notice to close assignment without issuing an audit report.

³ - Joint project with Student Financial Assistance.

* - Non-monetary finding only. ** - Includes other recommended recoveries.

A - Audit S - Special Report E - Action Memorandum

Inspector General Issued Audit Reports with Questioned Costs ¹

	Number	Questioned	Supported ²
A. For which no management decision has been made before the commencement of the reporting period (as adjusted)*	39	\$123,434,546	\$14,878,613
B. Which were issued during the reporting period	<u>14</u>	<u>\$59,868,947</u>	<u>\$11,783,273</u>
Subtotals (A + B)	53	\$183,303,493	\$26,661,886
C. For which a management decision was made during the reporting period	11	\$21,764,428	\$2,844,330
(i) Dollar value of disallowed costs		<u>\$6,785,956</u>	<u>\$0</u>
(ii) Dollar value of costs not disallowed		\$14,978,472	\$2,844,330
D. For which no management decision has been made by the end of the reporting period	42	\$161,539,065	\$23,817,556
E. For which no management decision was made within six months of issuance	31	\$78,729,128	\$9,234,283

¹ - None of the audits reported in this table were performed by the Defense Contract Audit Agency.

² - Included in questioned costs.

* Beginning balance for Unsupported Cost was decreased by \$2,265,212 (adjustment made to our database for audit, ACN A06-60010). Also, we decreased Questioned Cost by \$2,499 (A05-A0028 was reduced by \$2,677, A02-A0001 was increased by \$148, and A05-A0004 was increased by \$30).

Inspector General Issued Audit Reports with Recommendations for Better Use of Funds ¹

	Number	Dollar Value
A. For which no management decision has been made before the commencement of the reporting period (as adjusted)	1	\$10,300,000
B. Which were issued during the reporting period	<u>0</u>	<u>\$0</u>
Subtotals (A + B)	1	\$10,300,000
C. For which a management decision was made during the reporting period	0	\$0
(i) Dollar value of recommendations that were agreed to by management	0	\$0
(ii) Dollar value of recommendations that were not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	1	\$10,300,000
E. For which no management decision was made within six months of issuance	1	\$10,300,000

¹ - None of the audits reported in this table were performed by the Defense Contract Audit Agency.

Unresolved Reports Issued Prior to April 1, 2001

Section 5(a)(10) of the Inspector General Act requires a listing of each report issued before the commencement of the reporting period for which no management decisions had been made by the end of the reporting period.

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
New Since Last Reporting Period				
<u>Office of Bilingual Education and Minority Language Affairs</u>				
A05-A0004	Title VII Systemwide Improvement Grant Administered by Community Unit School District 300, Carpentersville, Illinois (SAR 42, pg. 21)	12/06/00	\$684,329	2
	<i>Status: Program office is awaiting additional information from auditee.</i>			
<u>Office of Elementary and Secondary Education</u>				
A01-A0004	Puerto Rico Department of Education Did Not Administer Properly a \$9,700,000 Contract with National School Services of Puerto Rico (SAR 42, pg. 21)	03/28/01	\$7,841,493	14
	<i>Status: Resolution will be through the Department's Cooperative Audit Resolution and Oversight Initiative.</i>			
A03-A0018	State and Local Education Agencies' Compliance with the Gun-Free Schools Act of 1994 (SAR 42, pg. 21)	02/01/01	*	6
	<i>Status: Copy of response to resolve received 10/31/01. Program office advised of actions planned in response to report. OIG will remove next period if concurrence is reached.</i>			
A04-A0005	Audit of the Governor's Program Portion of the Safe and Drug-Free Schools and Communities Act (SAR 42, pg. 21)	03/30/01	*	6
	<i>Status: Copy of response to resolve received 10/31/01. Program office advised of actions planned in response to report. OIG will remove next period if concurrence is reached.</i>			
<u>Office of Postsecondary Education</u>				
A04-90013	Office of Higher Education Programs Needs to Improve Its Oversight of Parts A and B of the Title III Program (SAR 42, pg. 21)	12/27/00	*	17
	<i>Status: Progress is being made in implementing the recommendations. Program staff and management discussed the outstanding action items and assigned responsibility.</i>			
A05-A0026	Audit of Richard J. Daley College's Administration of Selected Aspects of Its Strengthening Institutions - Hispanic Serving Institution Program, Chicago, Illinois (SAR 42, pg. 21)	03/30/01	\$1,621,861	2
	<i>Status: Program attorney is reviewing response recently received by Daley College.</i>			
<u>Office of Special Education and Rehabilitative Education</u>				
A09-A0016	California Department of Education Management Controls over IDEA, Part B - Special Education Performance Data (SAR 42, pg. 21)	03/30/01	*	8
	<i>Status: Currently working on this case.</i>			
<u>Student Financial Assistance</u>				
A05-A0002	Great Lakes Higher Education Guaranty Corporation's Administration of the Federal Family Education Loan Programs, Madison, Wisconsin (SAR 42, pg. 22)	03/30/01	\$840,169	4
	<i>Status: Progress is being made in resolving the report.</i>			
A05-A0025	Audit of Great Lakes Higher Education Guaranty Corporation's Administration of the Federal Family Education Loan (FFEL) Program Federal and Operating Funds (SAR 42, pg. 22)	03/30/01	*	7
	<i>Status: Progress is being made in resolving the recommendations.</i>			
A05-A0028	Audit of the Illinois Student Assistance Commission's Administration of the Federal Family Education Loan Program Federal and Operating Funds (SAR 42, pg. 22)	03/30/01	\$4,469,131	14
	<i>Status: Copy of PDL dated 10/31/01 was received on 11/06/01 and this audit will be removed next period.</i>			
A06-90010	International Aviation and Travel Academy's Administration of Title IV Student Financial Assistance Programs (SAR 42, pg. 22)	03/29/01	\$6,637,634	7
	<i>Status: Audit placed on Department's administrative stay 9/24/01.</i>			
A06-A0003	International Business College's Administration of Title IV Student Financial Assistance Programs (SAR 42, pg. 22)	03/28/01	\$461,035	4
	<i>Status: Audit placed on Department's administrative stay 9/24/01.</i>			
Reported in Previous Semiannual Report				
<u>Office of Elementary and Secondary Education</u>				
A01-90006	Puerto Rico Department of Education Needs Major Improvements in its Administration of the Even Start Program (SAR 41, pg. 22)	09/27/00	\$181,305	18
	<i>Status: Resolution will be through the Department's Cooperative Audit Resolution and Oversight Initiative.</i>			

* - Non-monetary findings only.

Note - Status comments reflect documents received, comments agreed to, or comments provided by the Department.

Unresolved Reports Issued Prior to April 1, 2001 (Cont.)

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
Office of Elementary and Secondary Education (Cont.)				
A02-50200	The Puerto Rico Department of Education Must Institute a Time Distribution System (SAR 36, pg.13) <i>Status: Resolution will be through the Department's Cooperative Audit Resolution and Oversight Initiative.</i>	11/14/97	*	1
A01-90007	Puerto Rico Department of Education Needs Major Improvements in its Administration of the Governor's Safe and Drug-Free School Program (SAR 41, pg. 22) <i>Status: Resolution will be through the Department's Cooperative Audit Resolution and Oversight Initiative.</i>	09/27/00	\$82,452	17
Office of Special Education and Rehabilitative Services				
A09-A0001	Arizona Department of Education Management Controls over IDEA, Part B - Special Education Performance Data (SAR 41, pg. 23) <i>Status: Currently working on this case.</i>	09/22/00	*	7
Student Financial Assistance				
A02-70010	Drake Business Schools Corporation - Refunds of Unearned Tuition, Fees and Other Institutional Charges (SAR 41, pg. 23) <i>Status: Audit was placed on Department's administrative stay 03/29/01.</i>	06/06/00	\$72,493	11
A03-90005	Computer Dynamics Institute Incorporated's Eligibility to Participate in the Title IV Programs (SAR 41, pg. 23) <i>Status: Audit was placed on Department's administrative stay 03/29/01.</i>	09/15/00	\$6,410,913	6
A05-90052	Mount Senario College's Administration of the Title IV, HEA Program for the Period July 1, 1998 through June 30, 1999 (SAR 41, pg. 23) <i>Status: Copy of PLD dated 9/22/01 was received 10/31/01. This audit will be removed next period.</i>	09/14/00	\$40,942	12
A05-90054	Audit of the Title IV, Higher Education Act Programs Administered by Cleveland State University, Cleveland, Ohio (SAR 41, pg. 23) <i>Status: Audit was placed on the Department's administrative stay 03/29/01.</i>	09/28/00	\$86,189	9
A06-70005	Professional Judgment at Yale University (SAR 36, pg.18) <i>Status: Audit was placed on Department's administrative stay 06/29/00.</i>	03/13/98	\$5,469	3
A06-70009	Professional Judgment at University of Colorado (SAR 37, pg. 17) <i>Status: Audit was placed on Department's administrative stay 06/29/00.</i>	07/17/98	\$15,082	4
A06-80013	Hallmark Institute of Aeronautics' Compliance with the 85 Percent Rule (SAR 40, pg. 18) <i>Status: Audit was placed on Department's administrative stay 09/29/00.</i>	03/06/00	\$5,204,586	3
A06-90004	Review of Student Financial Aid Compliance at Success Institute of Business (SAR 41, pg. 23) <i>Status: Audit was placed on Department's administrative stay 09/26/01.</i>	08/07/00	\$2,245,416	3
A06-90011	Review of Collection Activities at Unger and Associates (SAR 40, pg. 18) <i>Status: Audit was placed on Department's administrative stay on 9/29/00.</i>	02/08/00	\$833,897	4
A07-23545	State of Missouri, Single Audit Two Years Ended June 30, 1991 <i>Status: This is a single audit report prepared by the State Auditor of Missouri that covered two years ending June 30, 1991. SFA is in the process of resolving the Missouri audit.</i>	04/01/93	\$1,048,768	18
A07-33123	State of Missouri, Single Audit Year Ended June 30, 1992 <i>Status: This is a single audit report prepared by the State Auditor of Missouri that covered the year ending June 30, 1992. SFA is in the process of resolving the Missouri audit.</i>	03/07/94	\$187,530	18
A09-10005	California Student Aid Commission: The Commission's Loans in Repayment Were Overstated by \$1.5 Billion (SAR 27, pg. 17) <i>Status: SFA is working on resolving this audit.</i>	09/10/93	\$41,100,000	5
A09-70015	Associated Technical College (ATC) Eligibility of Institutions to Participate in Title IV Programs & Other Issues (SAR 37, pg. 16) <i>Status: Placed on Department's administrative stay on 06/29/00.</i>	09/09/98	\$8,600,000	7
A09-90011	Platt College-San Francisco Administration of Title IV Programs (SAR 40, pg. 18) <i>Status: Placed on Department's administrative stay on 09/29/00.</i>	02/28/00	\$191,721	10
N06-90010	Inspection of Parks College's Compliance with Student Financial Assistance Requirements (SAR 40, pg. 18) <i>Status: SFA and OIG are working on an approach to resolve this report.</i>	02/09/00	\$169,390	1

* - Non-monetary findings only.

Note - Status comments reflect documents received, comments agreed to, or comments provided by the Department.

Investigation Services Cumulative Actions

Defendant/ Subject	Indicted/ Information	Convicted	Sentenced	Civil Matters	Adjudicated Value
<u>SCHOOL CASES</u>					
Alvarez, Georgina	■	■	X		\$46,000
Armijo, Luis	■	X			
Bennett, Patti	X	X	X		\$100
Billeandeu, Constantina	X	X	X		\$100
Carrandy, Miriam	■	■	X		\$79,000
Case, Angela	X	X	X		
Castelvetere, Bruno	■	Trial - Not Guilty			
Dupre, Moses	X	X			
Fields-Ellingboe, Eva	X	X			
Frost, Ann	■	■	X		\$4,500
Fuentes, Doreen	X	X	X		\$151,194
Fuentes, Judith	X	X	X		
Fuentes, Maria	X	X	X		
Gannon, Linda	X	X	X		
Hall, Linda Higgs	X	X			
Hampton, Susan	■	X			
Harmon, Kathryn	X	X	X		\$1,411,729
Hightower, Cecelia	X	X			
Holt, Deidera	X				
House, James	■	X			
Kraus, James	X				
Lai, Santos	X	X	X		
Mathis, Sharon	■	■	X		\$120,000
Nespereira, Elena	■	■	X		\$35,000
Olowu, King	■	■	X		\$79,143
Pearson, Robert	X	X	X		\$27,000
Sam, Osmara	■	X			
Santa, Donna	■	■	X		\$200,000
Snumpert-Harris, Rochelle	■	X			
Singh, Rajiv	X				
Sosa-Funes, Jose	■	■	X		
Strain, Daniel	■	X			\$1,000,000
Taylor, Daniel	■	X	X		\$16,700
Thorp, Richard	X				
Torres, Alina	■	X			
Torres, Gabriel	■	X			
Valle, Hiram	X	X			
Whetstone, Edward	■	X			
Total Value School Cases:					\$3,170,466
<u>CIVIL CASES</u>					
Wright Business School				X	\$225,000
Vogue Colleges of Cosmetology				X	\$168,000
Total Value Civil Cases:					\$393,000
<u>DEATH AND DISABILITY CASES</u>					
Bonner, Maria	X				
Bonner, Vernon	X				
Richardson, Michael	■	X	X		\$52,319
Total Value Death and Disability Cases:					\$52,319

■ - Action reported in previous period.

X - Action reported in current period.

Investigation Services Cumulative Actions (Cont.)

Defendant/ Subject	Indicted/ Information	Convicted	Sentenced	Civil Matters	Adjudicated Value
<u>PREPARER AND CLIENT CASES</u>					
Alexander, Jerome	■	X		X	
Baker, Teddie				X	\$12,320
Bell-Johnson, Geraldine	■	X			
Benford, Stephen				X	\$8,940
Brooks, Charlotte				X	\$9,336
Bukowsky, Richard	X				
Casey, Donald	X				
Celestin, Horace	■	X	X		\$67,471
Clark, Elizabeth	X				
Coleman, Felecia				X	\$8,630
Coe, Kevin				X	\$4,840
Cox, Angela				X	\$13,400
Davis, Dawyen				X	\$15,820
Dilligard, Tina				X	\$7,110
Garner, Patricia	X	X	X		\$17,370
Gillespie, Walter				X	\$3,444
Green, Kenyatta				X	\$4,702
Green, Robert	X				
Harris, Gloria	X				
Holloway, Fred	X	X			
Jackson, Lesley				X	\$4,840
Johnson, Kimberly				X	\$12,820
Jones, Darnell	X				
Jones, Katrella				X	\$8,100
Jones, Sharon	X				
Lake, Latrisha				X	\$14,016
Martin, Emma	X				
Martin, Kelly				X	\$11,570
Martin, Peter	X				
Massey, Maline				X	\$5,900
McDonald, Richard				X	\$4,490
Miller, Donte				X	\$21,103
Mitchell, Annie	X	X	X		\$11,500
Norman, Lloyd	X				
Olsen, Barbara	■	X	X		\$65,836
O'Connor, Daisy	X	X			
Patterson, Shrela				X	\$7,400
Ray, Henry	■	X			
Richmond, Laudi				X	\$12,340
Riley, Gary				X	\$5,930
Roberts, Tracie				X	\$14,820
Rooks, Wayne				X	\$13,120
Sanders, Vernea				X	\$3,740
Snipes, Marlon	■	X	X		\$11,365
Smith, Frances	■	X			
Smith, Myles	X				
Sproles, Erica				X	\$3,960
St. Clair, Nathaniel	■	X		X	
St. Clair, Lillie	■	X		X	
Stewart, Queen	X	X			
Tartt, Randall				X	\$746

■ - Action reported in previous period.

X - Action reported in current period.

Investigation Services Cumulative Actions (Cont.)

Defendant/ Subject	Indicted/ Information	Convicted	Sentenced	Civil Matters	Adjudicated Value
<u>PREPARER AND CLIENT CASES (CONT.)</u>					
Thomas, Kaleelah				X	\$31,520
Thomas, Burma	X				
Walker, Lavar				X	\$28,958
Ward, Jennifer				X	\$3,580
Ward, Patricia	X				
Washington, Marcus	X				
Watson, Yolanda				X	\$12,198
Williams, Ackisha				X	\$5,232
Williams, Craig				X	\$7,490
Willis, Nicole				X	\$11,340
Young, Arthur	X				
Ziyad, Saalik				X	\$4,900
Total Value Preparer and Client Cases:					\$512,197
<u>STUDENT FINANCIAL ASSISTANCE RECIPIENT CASES</u>					
Baptiste, Ruth Jean	X				
Buissereith, Albert	X				
Coles, Brian	X				
Doan, Susan	■	■	X		\$390,028
Doan, Albert	■	■	X		\$14,430
Doan, Andrew	■	■	X		\$15,380
Gonzalez, Eduardo	X				
Green, Robert	X				
Hansen, Gregory	■	X	X		\$50,621
Hernandez, Debra	X	X			
Heidari, Alizera	X				
Hill, Maxine	X	X	X		\$33,532
Hill, Nadine	X	X	X		\$5,000
Holmes, Amy	X				
Holmes, Denise	X				
Johnson, Lonnie	X				
Lee Darell	X	X			
Lofton, Sharon	X				
McCool, Arthur	X	X			
McHenry, JoLynn	X				
Mova, Houman	X	X			
Nava-Cruz, Susana Alicia	X				
Nobile, Gian	X				
Parra, Alberto	X				
Perkins, Lisa	■	X			
Rodriguez-Becerra, Bibiano	X				
Tamayo, Analilia	X				
Tamayo, Erika	X				
Timko, Lois	X				
Warner-Washington, Jennifer	■	■	X		\$24,766
Wilson, Richard	X	X			
Total Value Recipient Cases:					\$533,757

■ - Action reported in previous period.

X - Action reported in current period.

Investigation Services Cumulative Actions (Cont.)

Defendant/ Subject	Indicted/ Information	Convicted	Sentenced	Civil Matters	Adjudicated Value
<u>OTHER CASES</u>					
Blount, Ellois	X	X	X		
Burch, Joanne	X				
Burd, Gerald	X	X	X		\$103,979
Burroughs, Elizabeth	X				
Burroughs, Philip	X				
Burroughs, Tina	X				
Carver, Bruce	■	■	X		\$71,906
Gray, David	X				
Guzman, Michael	X				
Guzman, Robert	X				
Hawkins, Audrey	X				
Hayes, Maurice	X				
Hermandad Mexicana Nacional Legal Center	X				
Huguet, Edmund	■	■	X		\$70,742
Laub, Jeffrey	X	X	X		
Mansour, Suray	■	■	X		\$20,833
Melchiorre, John	X				
Mellen, Elizabeth	X				
Mellen, Luther	X				
Morgan, Jeffrey	X				
Murphy, Joanne	X				
Porties, Cayett	X				
White, Joseph	■	■	X		\$8,141
Williams, Tina	X				
Winter, Christopher	X				
Mansour, Suray	■	X			
Total Value Other Cases:					\$275,601
<u>FOREIGN STUDY FFEL PROJECT</u>					
Akhtar, Jabir	■	■	X		\$42,000
Buissereth, Albert	X				
Chirole, Raymond	X	X	X		\$59,275
DeOrio, David	X	X	X		\$350,000
Heidari, Alireza	X				
Odom Denise	X				
Total Value Foreign Study FFEL Cases:					\$451,275

■ - Action reported in previous period.
X - Action reported in current period.

Collections from Audits and Investigations

The House Report (H.R. 105-635) to accompany H.R. 4274, directs the Office of Inspector General of the Department of Education to submit reports detailing recoveries and savings generated by its work. The following tables reflect that information.

AUDIT

FY	Reports Issued With	Quest/Unsupp	Reports Quest/Unsupp	Recommended Quest/Unsupp	Management	Write-Offs	Collected/	Balance
	Quest/Unsupp	Recommended	Resolved	Resolved	Decision	Adjustments	Recovered	
1998	11	\$17,011,401	8	\$8,390,850	\$5,350,168	\$0	\$1,630,691	\$3,719,477
1999	11	\$69,804,793	11	\$69,804,793	\$38,255,609	\$249,900*	\$1,307,025	\$36,698,684
2000	21	\$72,886,717	12	\$57,544,147	\$57,275,019	\$208,124**	\$1,804,374	\$55,262,521
2001	23	\$82,435,089	2	\$10,668	\$5,358	\$0	\$0	\$5,358
Total	66	\$242,138,000	33	\$135,750,458	\$100,886,154	\$458,024	\$4,742,090	\$95,686,040

* - The adjustment for \$249,900 is a result of offset.

** - The adjustment \$208,124 is the result of two offsets totaling \$130,165 (\$90,600 + \$39,565) and one deobligation for \$77,959.

INVESTIGATION

FY	Cases ¹	Fines, Restitutions, Settlements and Judgments	Amount Collected Current Period	Amount Collected Prior Period(s)	Amount Collected
1998	293	\$48,208,055	\$388,432	\$31,211,500	\$31,599,932
1999	138	\$19,154,906	\$36,052	\$7,104,114	\$7,104,114
2000	148	\$37,311,157	\$72,565	\$37,116	\$37,116
2001	201	\$9,808,716	\$80,462	\$8,077	\$81,305
Total	780	\$114,482,834	\$577,511	\$38,360,807	\$38,822,467

¹ Number of cases for which collection was ordered during the fiscal year.

Statistical Profile: April 1 - September 30, 2001

	Six-Month Period Ending 9/30/01	Fiscal Year Ending 9/30/01
<u>OIG AUDIT REPORTS ISSUED</u>		
	33	55
Questioned Costs	\$48,085,674	\$62,040,373
Unsupported Costs	\$11,783,273	\$20,394,716
Recommendations for Better Use of Funds	\$0	\$0
<u>OTHER OIG PRODUCTS</u>		
	20	32
<i>(Inspections, Action Memoranda, Management Improvement Reports, Information Reports, Advisory Reports, and Special Studies)</i>		
<u>OIG AUDIT REPORTS RESOLVED BY PROGRAM MANAGERS</u>		
	21	50
Questioned Costs Sustained	\$6,785,956	\$13,735,846
Unsupported Costs Sustained	\$0	\$7,768,256
Additional Disallowances Identified by Program Managers	\$1,468,347	\$4,794,947
Management Commitment to the Better Use of Funds	\$0	\$0
<u>INVESTIGATIVE CASE ACTIVITY</u>		
Cases Open	162	295
Cases Closed	116	206
Cases Active at End of Period	468	468
Prosecutorial Decisions	59	167
-Accepted	43	126
-Declined	16	41
<u>INVESTIGATION RESULTS</u>		
Indictments/Information	50	114
Convictions/Pleas	57	111
Fines Ordered	\$32,531	\$116,838
Restitution Payments Ordered	\$8,684,827	\$15,702,016
Civil Settlements/Judgments (#)	83	137
Civil Settlements/Judgments (\$)	\$1,091,358	\$5,087,985
Savings	\$404,018	\$10,331,729
Seized/Forfeited Property	\$986,815	\$986,815