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April 1, 2019–September 30, 2019

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Office of Inspector General
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Deputy Inspector General
Delegated the Duties of Inspector General

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Message to Congress

As the Deputy Inspector General delegated the duties of Inspector General of the U.S. Department of Education (Department) Office of Inspector General (OIG), I present this Semiannual Report on the activities and accomplishments of this office from April 1, 2019, through September 30, 2019. The audits, investigations, and related work highlighted in the report are products of our mission to identify and stop fraud, waste, and abuse, and promote accountability, efficiency, and effectiveness through our oversight of the Department's programs and operations.

The work that the OIG accomplished over the last 6 months reflects our ongoing dedication and commitment to our mission and goals. In our audit-related work, we issued 9 reports with recommendations aimed at improving Department programs and operations. Examples of this audit work include the following.

- We issued the first reports in our audit series examining Immediate Aid to Restart School Operations Program (Restart) funding and whether selected grantees effectively designed internal controls for the administration of these funds. The first audit found that the Puerto Rico Department of Education needs to enhance its system of internal controls to ensure that Restart program funds will be properly administered. The second audit found that the Virgin Islands Department of Education must enhance its designed system of internal controls to ensure that it will properly administer Restart program funds and meet program objectives.

- Our audit of the Department's compliance with certain provisions of the Federal Information Technology Acquisition Reform Act of 2014 (FITARA) found improvements were needed. Specifically, the Department needed to improve its policy and implementation of all required Chief Information Officers authority enhancements, its process for ensuring transparency and risk management of its information technology resources, and its compliance with FITARA PortfolioStat requirements. As a result, the Department is hindering its ability to achieve FITARA's goals of better managing and securing information technology systems and acquisitions and to ensure that staff are aware of their roles and responsibilities within the process and that requirements are being appropriately implemented.

- Our audit of Federal Student Aid's (FSA) process to select Free Application for Federal Student Aid (FAFSA) elements and student verification found that FSA did not evaluate its process for selecting FAFSA data elements that institutions were required to verify during the period of our review. FSA also generally did not effectively evaluate and monitor its processes for selecting students for verification. As a result, FSA has not ensured that its processes selected students with errors on their FAFSAs and prevented students from improperly receiving Federal financial aid.

- For the first time in 5 years, 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. We also found that the Department's improper payment estimates and methodologies for the Federal Pell Grant Program and William D. Ford Federal Direct Loan Program were generally accurate and complete. However, we could not accurately evaluate the Department's performance in recapturing improper payments because the amounts of identified and recaptured improper payments the Department reported for all programs and activities were inaccurate and incomplete.

In our investigative work, we closed 45 investigations involving fraud or corruption and secured more than $8.5 million in restitution, settlements, fines, recoveries, and forfeitures. As a result of this work, criminal actions were taken against numerous people, including current and former school officials and service providers who cheated students and taxpayers. This included the following.

- Criminal actions were taken against schools, college and university officials, contractors, and employees, including a former associate registrar at Delaware State University, who along with a

conspirator, pled guilty to charging students a fee to change their residency from out of state to Delaware to receive in-state tuition from the university. It is estimated that the school received $3 million less in tuition payments because of this scam.

- Members of student aid fraud rings were sentenced, pled guilty, or were indicted on charges of fraud, including a father and son team in Arizona who pled guilty to orchestrating a ring that targeted nearly $7.5 million in student aid.
- Actions were taken against individuals for fraud and other criminal violations of law, including two former Haverford College students who pled guilty to accessing the school's computer system without authorization in an attempt to access President Trump's tax returns from the Internal Revenue Service.
- K–12 school officials, employees, contractors, and vendors were sentenced, pled guilty, or were indicted for fraud, theft, or other criminal activity involving Department funds, including the former Secretary of the Puerto Rico Department of Education and others who were indicted on charges of conspiracy, wire fraud, theft of government funds, and money laundering. The indictment alleges that the former Secretary and others used their positions to benefit and enrich themselves with Federal funds.

Also during this reporting period, we issued our first Diversity and Inclusion Strategic Plan, covering fiscal years 2019–2022. Through this plan, the OIG affirms and advances its long-standing commitment to a diverse and inclusive workforce and workplace environment that will help ensure that the work we produce is accessible to the diverse public we serve. We also released additional "Eye on ED" podcast episodes, including one focused on OIG's audit and investigative work in support of disaster recovery. Another episode appears to be the OIG community's first Spanish language podcast—it focused on what people can do to help identify and report fraud involving disaster recovery funds.

On an OIG community note, in May we tragically lost our colleague Charles "Chuck" Coe. He was 61 years old. Chuck served as the Assistant Inspector General for our Information Technology Audits and Computer Crime Investigations unit for 14 years. He had retired from government service just last year. Chuck was a leader in his field as his work often served as a model for the OIG community. He approached his work with passion and integrity, and always with a kind smile, a cheerful laugh, and a great story. Chuck leaves behind a very real legacy that will affect the way the OIG community approaches and tackles information technology audits and uses forensics and data analytics in its overall work for a long time to come.

In closing, I wanted to share some news with you that we are so proud of: we recently won the prestigious Council of the Inspectors General on Integrity and Efficiency (CIGIE) Glen/Roth Award for Exemplary Service, one of the IG community's highest honors. We received the award for our loan servicing oversight audit, which identified a need for FSA to improve its oversight of student loan service providers to better protect students and taxpayers. CIGIE also acknowledged two additional OIG audits and one of our investigations, presenting them with Awards for Excellence: our audit of the Department's implementation of the contractor personnel security clearance process, our audit of FSA's implementation of enterprise risk management, and our investigation of a $1.4 million scam at Columbia University's Teacher College. We received additional awards for our role in a number of joint efforts: the Barry R. Snyder Joint Award for the 2018 Revisions of the Government Accountability Office/CIGIE Financial Audit Manual; an Award for Excellence for the Post 9/11 GI Bill Fraud Criminal Investigative Team; and an Award for Excellence in Multiple Disciplines for the Government Purchase Card Audit Team. It is such an honor to receive these awards as they are an acknowledgement of the hard work and effort this staff puts into their jobs every single day. We will continue to do so every single day. We look forward to continuing to work with the Department, members of Congress, and our OIG community colleagues to provide our nation's taxpayers with assurance that the Federal government uses their hard-earned money effectively and efficiently.

Sandra D. Bruce
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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 (Department) Office of Inspector General (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 about $122.5 billion in Federal student aid annually and manages an outstanding loan portfolio of more than $1 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, the Office of Postsecondary Education (OPE) and Federal Student Aid (FSA) are responsible for administering and overseeing the student aid programs. 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 and OPE should take to address the identified weaknesses in program operations and management. Summaries of these reports follow.

Compliance with Verification and Reporting Requirements

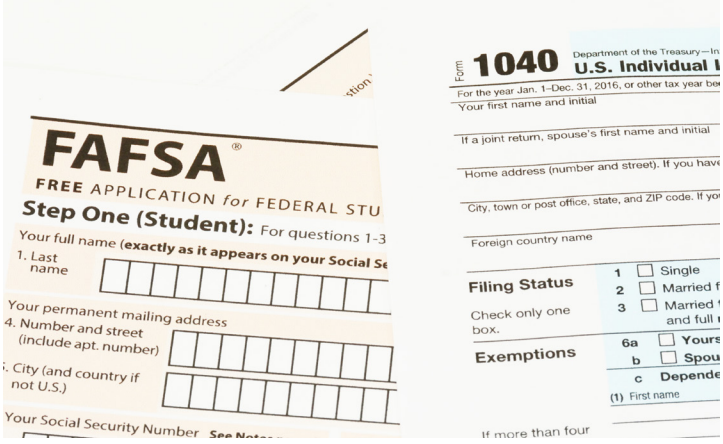
To ensure that the information students and parents provided on the Free Application for Federal Student Aid (FAFSA) is accurate, the Department requires colleges and universities to verify financial and demographic data included on the FAFSA. Schools are then required to report the results of the verification to the Department. Verification helps ensure that students receive the appropriate amount of Federal financial aid and is an important control to prevent improper payments of Federal financial aid. The OIG is conducting a series of audits to determine whether schools completed verification of applicant data in accordance with Federal requirements and whether they accurately reported the results to the Department in accordance with Federal guidance. This audit series is also examining FSA's verification processes. In our last Semiannual Report, we shared the results of the first reports in this series involving three schools: the University of Houston, the College of Southern Nevada, and MiraCosta College in California. During this reporting period, we issued three additional audits: (1) FSA's process to select FAFSA data elements and students for verification, (2) South Florida Institute of Technology's compliance with verification

requirements, and (3) DeVry University's compliance with verification requirements. Below are summaries of these reports. We will share the results of our additional work once completed.

FSA's Process to Select Free Application for Federal Student Aid Data Elements and Students for Verification

The objective of our audit was to determine the effectiveness of FSA's (1) evaluation of its processes for selecting FAFSA data elements to be verified and (2) evaluation and monitoring of its processes for selecting students for verification. Our audit covered FSA's verification processes implemented for the 2015–2016 and 2016–2017 award years. For our first objective, we found that FSA did not evaluate its process for selecting FAFSA data elements that institutions were required to verify during the time period of our review. Although FSA and OPE determined the FAFSA data elements to be verified were those data elements that had the greatest impact on expected family contribution and most likely to be misreported, FSA and OPE did not base the selected data elements on a recent analysis that identified the data elements that had the greatest impact on the expected family contribution and that applicants were most likely to misreport. Instead, they relied on other activities, including data elements used in previous years that OPE officials said were based on an analysis of historical data. However, neither FSA nor OPE could provide the analysis of the historical data, nor did they perform an analysis to support FSA's decision to continue using those elements. Since FSA and OPE had not performed any analysis of available data, they could not determine whether other available data elements would result in changes to a student's expected family contributions or be misreported on the FAFSA. As a result, FSA and OPE cannot be assured their verification process focuses on data elements that have the greatest impact on the expected family contribution and are most likely to be misreported.

For our second objective, we found that FSA generally did not effectively evaluate and monitor its processes for selecting students for verification. Specifically, FSA did not effectively evaluate three of the four selection processes used for verification. We also found FSA did not evaluate its 30-percent limitation for selecting students it required institutions to verify. Additionally, we found that FSA did not monitor its processes for selecting students for verification. As a result of not effectively evaluating three of the four selection processes, FSA has not ensured that the processes selected students with errors on their FAFSAs and prevented students from improperly receiving Federal financial aid. By not evaluating its 30-percent limitation, FSA could not support that the selection rate was appropriate and did not create an undue burden to schools and students. Further, by not monitoring its processes for selecting students for verification, FSA could not assess whether the processes were meeting expected results.



Based on our findings, we made six recommendations, including that FSA and OPE ensure that the FAFSA data elements that are selected for verification are those that have the greatest impact on the expected family contribution

and are most likely to be misreported, that FSA evaluate its processes for selecting students for verification and its 30-percent limitation for selecting students for verification, and that it monitor its verification processes to ensure they perform as expected and significant differences are addressed. FSA concurred with the majority of our findings and recommendations but stated that while the findings were valid at the time of our review, our report did not acknowledge that FSA had made significant improvements to its evaluation and monitoring of the verification processes. During the audit, FSA did not inform us of, or provide documentation supporting, these improvements. While we did not evaluate these initiatives, the improvements described by FSA are aligned with our recommendations. FSA Verification Audit

South Florida Institute of Technology's Compliance with Federal Verification and Reporting Requirements

We found that the South Florida Institute of Technology did not complete verification of applicant data in accordance with Federal requirements for 9 of the 60 students included in our statistical random sample of Pell Grant recipients selected for verification. Based on the results of our statistical random sample, we estimate that South Florida Institute of Technology did not complete verification in accordance with Federal requirements for between 59 (8.1 percent) and 180 (24.7 percent) of the 727 Pell recipients selected for verification for award year 2017–2018. The school did not complete verification in accordance with Federal requirements, in part, because it did not implement a quality control process to provide reasonable assurance that employees adhered to the school's verification policies and procedures. Although it did not always properly complete verification, we found that the school accurately reported verification results to the Central Processing System and Common Origination and Disbursement System for 59 of the 60 students included in our statistical random sample.

South Florida Institute of Technology officials agreed with both findings and provided a corrective action plan that included training and implementing a quality control process. Therefore, we recommended that the FSA Chief Operating Officer confirm that the school implemented the quality control process that it designed to provide reasonable assurance that employees complete verification of applicant data according to the school's verification policies and procedures. South Florida Institute of Technology Verification Audit

DeVry University's Compliance with Federal Verification and Reporting Requirements

We found that DeVry University's policies and procedures for verifying applicant data, reporting verification results, and disbursing Federal student aid funds for students selected for verification complied with Federal requirements. We also found that the school completed verification of applicant data in accordance with Federal requirements and accurately reported verification results to FSA for all 60 students in our sample. We did not provide any recommendations for corrective action. DeVry officials agreed with the finding. DeVry Verification Audit

FSA's Oversight of Schools' Compliance with Satisfactory Academic Progress Regulations

To participate in the Federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended, a school must demonstrate that it is capable of adequately administering the program. This includes establishing, publishing, and applying reasonable standards for measuring whether a student is making satisfactory academic progress. Schools are required to have a satisfactory academic progress policy that, among other things, establishes a grade point average (or comparable assessment) that a student must achieve each evaluation period. To be eligible to receive Federal student aid, an otherwise eligible student must maintain satisfactory academic progress in his or her course of study, and before disbursing Federal student aid to a student, the school must confirm that the student meets the standards established in its satisfactory academic progress policy. FSA manages the administrative and oversight functions that support the Federal student aid programs, which includes ensuring that schools are complying with satisfactory academic progress regulations. FSA determines this by reviewing school compliance audits and in the event of questionable findings, FSA provides a final audit determination letter to the school including corrective actions the school must implement to resolve the issues identified. FSA also conducts program reviews to determine whether schools are complying with Federal student aid program requirements, including satisfactory academic progress.

We conducted an audit to determine (1) whether FSA ensured completion of corrective actions in response to audit and program review findings related to satisfactory academic progress requirements and (2) what actions FSA has taken to assist schools with compliance with satisfactory academic progress requirements. For the first objective, based on the compliance audits and program reviews we examined, we determined that FSA did not always ensure schools completed corrective actions related to the identified satisfactory academic progress findings. Specifically, its Program Compliance office did not always ensure the schools completed corrective actions related to satisfactory academic progress because it did not always perform the required resolution activities or address all related findings in the final determination letters. As a result, schools may have repeated satisfactory academic progress findings, ineligible students may have received Federal student aid funds, noncompliant schools may have continued to participate in the Federal student aid programs, and FSA may not have established liabilities payable from schools that disbursed Federal student aid funds to students who did not meet requirements. We also found that the Program Compliance office lacked controls to prevent and detect errors in its process to classify foreign school audits as deficient, notably a system logic error associated with its Postsecondary Education Participants System. The foreign school compliance audits included in our review were incorrectly classified as non-deficient. Due to the lack of controls, it is likely that foreign school compliance audits not included in our review were also incorrectly classified as non-deficient. For our second objective, we found that FSA did take actions to assist schools with compliance with satisfactory academic progress requirements by providing assistance to new schools, an assessment tool, the FSA Handbook that addresses requirements, and web-based and in-person training.

Based on our finding, we recommended that FSA (1) ensure that Program Compliance office staff are aware of the requirement to address all repeat findings in a final audit

determination letter, (2) ensure that staff are aware of policies and procedures for requesting additional documentation when needed to determine students' eligibility for Federal student aid and assessing liabilities in instances when (a) satisfactory academic progress violations result in Federal student aid disbursements to ineligible students and (b) a school closes before it completed a required review, (3) address the system logic issues associated with the Postsecondary Education Participants System to ensure that audits are correctly identified as deficient, and (4) develop and implement controls to identify deficient foreign school compliance audits for audit resolution. FSA did not explicitly agree or disagree with our findings but agreed with all four of our recommendations. Satisfactory Academic Progress 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 relevant press releases involving Federal student aid fraud and other fraud involving schools and school officials.

Two Pled Guilty in Phony Residency Scheme at Delaware State University (Delaware)

Two people, including a now former associate registrar at Delaware State University, pled guilty to their roles a scheme where students paid to change their residency from out of state to Delaware in order to receive in-state tuition. Between 2013 and 2017, the scheme's mastermind recruited students to pay him a fee to change their registration status. After students paid him the fee, the man created forged residency documents and delivered them to the associate registrar to place in the students' files and recorded the changes in the school's computer system. The mastermind paid the associate registrar a percentage of the fees he collected, amounting to some $70,000. The mastermind also paid students a fee to help recruit other students to participate in the scheme. The estimated cost of reduced tuition payments to the school as a result of this scam exceeded $3 million. Press Release

Two More Former Center for Employment Training Employees Pled Guilty in Multimillion Dollar Fraud Scheme (Illinois)

In recent Semiannual Reports, we noted that six former employees of the Center for Employment Training in Chicago had been indicted, two of whom previously pled guilty, for conspiring to steal millions of dollars from the Federal student aid programs. During this reporting period, two more participants pled guilty for their roles in the scheme: a former admissions advisor and an instructor in the Medical Assistant Program. From 2005 through 2013, the two and their alleged conspirators applied for and obtained Federal student aid for students who were ineligible to receive the funds because they had not graduated from high school or earned

a high school diploma equivalent. The two former employees and their alleged conspirators created and submitted to the Department fake FAFSAs and other information making it appear as though the students were eligible to receive the aid when they were not. As a result of their criminal efforts, the school received at least $2.9 million in Federal student aid to which it was not entitled.

More Actions Taken in Columbia University's Teachers College Fraud Scheme (New York)

As highlighted in previous Semiannual Reports, a former financial aid director at Columbia University's Teachers College and four students were indicted for participating in a bribery and kickback scam that targeted more than $1.4 million in stipends, scholarships, and student loans. From 2008 through 2017, the former director approved excessive cost of attendance figures for the students that did not comport with their actual needs or costs of living, which increased the amount of financial aid the students were eligible to receive. She also approved stipends for the students and created fraudulent request forms for financial awards, which gave the appearance that professors or other school administrators had requested the stipends for the students. When the students received the money, they kicked back hundreds of thousands of dollars to the former director. In our last report, we noted that two of the student conspirators were sentenced for their roles in the scheme. During this reporting period, the former financial aid director and two more of her student conspirators were sentenced for their roles in the scheme. The former director was sentenced to serve 40 months in prison and was ordered to pay more than $2 million in restitution and forfeitures. One of the students was sentenced to 12 months and 1 day in prison and was ordered to pay more than $620,000 in restitution and forfeitures; the second student was sentenced to 3 months in prison and was ordered to pay more than $166,000 in restitution and forfeitures. Press Release

Oral Roberts University Agreed to $303,000 Settlement (South Carolina)

Oral Roberts University, based in Oklahoma, agreed to pay more than $303,000 to settle claims that it violated the Federal ban on incentive compensation. Title IV of the Higher Education Act of 1965, as amended, prohibits any institution that receives Federal student aid from compensating student recruiters with a commission, bonus, or other incentive payment based on the recruiters' success in securing student enrollment. The settlement resolved allegations that between 2014 and 2016, the school hired Joined, Inc., to recruit students to the university. The university allegedly compensated the company in part with a share of the tuition that the university received from the enrollment of recruited students, in violation of the prohibition on incentive compensation. The co-owner of Joined filed the lawsuit under the qui tam, or whistleblower, provisions of the False Claims Act. He filed a previous whistleblower complaint for a similar matter involving his company and North Greenville University, based in South Carolina. In February, the school agreed to pay $2.5 million to resolve allegations that it violated the Federal ban on incentive compensation. Oral Roberts Press Release, North Greenville Press Release

> Two more participants pled guilty for their roles in a scheme to steal millions of dollars from the Federal student aid programs.

Former Bossier Parish Community College Comptroller, Others Indicted for Stealing More Than $250,000 from the School (Louisiana)

The former Bossier Parish Community College comptroller and three others were indicted for stealing more than a quarter of a million dollars from the school.

From 2013 through 2016, the former comptroller allegedly used her position to access school computer systems to issue more than $259,000 in student aid funds to her indicted conspirators and others even though none of them were qualified to receive the student aid and in most cases, were not even attending the school during the semesters that they received the funds. When the participants received the money, they allegedly kicked back two-thirds or half of the money to the former comptroller. Press Release

Former Tennessee State University Admissions Employee Indicted for Misappropriating More Than $84,500 in Student Aid (Tennessee)

A former admissions office employee at Tennessee State University was indicted on charges of fraud and identity theft. The former employee allegedly obtained the personally identifiable information of university students that he used to change the students' records, including bank account information, so he could divert the students' student aid award balances to bank accounts he controlled. As a result of his alleged actions, the former employee misappropriated more than $84,500 in student aid, depositing more than $60,000 into his personal bank accounts. Press Release

Former Trinity Valley Community College Financial Aid Director Sentenced for Fraud (Texas)

The former director of financial aid at Trinity Valley Community College was sentenced to 6 months in prison and 6 months of home confinement for student aid fraud. From 2016 through 2017, the former official used her position and access to the school's records to remove her son, a student at the school, from academic suspension, thereby allowing him to receive student aid he was not eligible for. The former director also diverted student aid funds of other students into her personal bank accounts. As a part of her plea, the former director agreed to pay more than $61,700 in restitution.

Former Trident Technical College Official Pled Guilty in Satisfactory Academic Progress Fraud Scam (South Carolina)

As reported in a previous Semiannual Report, a former assistant director in the financial aid office of Trident Technical College was indicted for using her position to override financial aid holds on accounts of students who failed to meet satisfactory academic progress requirements required for participation in the Federal student aid programs. During this reporting period, the former official pled guilty to doing so. The former official recruited people to act as "straw students" for the sole purpose of stealing student aid. After initially attending some classes, the straw students stopped participating and thus began receiving financial aid warnings as they were not meeting satisfactory academic progress—standards required for continuing to receive Federal student aid. In such cases, a school's financial aid office places the student's account on hold as the student may become ineligible to receive further aid. The former official used her position and access to the school's financial aid files and removed the holds, resulting in the disbursement of more than $60,000 in student aid to the straw students. Once the straw students received the aid, they kicked back a portion to the assistant director.

Dean of Oklahoma Baptist College Resigns, Agrees to Settlement (Oklahoma)

The former Dean of Students at Oklahoma Baptist University agreed to pay $17,000 to settle claims that the FAFSAs submitted by his children did not include the housing allowance he received from the school. As a result, the Dean's children received Federal aid and grants they were not entitled to. When confronted with this omission by university staff, the Dean resigned from the university.

Investigations of Student Aid Fraud Rings

Below are summaries and relevant press releases of 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.

Father and Son Pled Guilty to Orchestrating Fraud Ring that Targeted More Than $7.4 Million (Arizona)

A father and son pled guilty to filing hundreds of fraudulent college admissions forms and applications for Federal student aid and defrauding the Department out of millions of dollars in grants and loans. The two had access to the identities of more than 300 people—some of which were stolen—to register for classes at community colleges in Arizona, Ohio, and elsewhere in order to obtain student

aid. On receiving the grant and loan money for the straw students, the colleges disbursed a portion of the financial aid funds onto prepaid debit cards that the father and son then used for their own personal expenses. The duo targeted more than $7.4 million in Federal student aid funds in the scam.

Criminal Actions Taken Against More Members of Fraud Ring that Targeted $1.8 Million (Ohio)

In our last Semiannual Report, we noted that two people were sentenced and two others pled guilty for their roles in a fraud ring that targeted more than $1.8 million in Federal student aid. During this reporting period, two participants were sentenced and two others were indicted for their roles in the ring. From 2009 through 2017, the ring recruited straw students to participate in the scheme. The straw students provided their personally identifiable information, which ring members used to apply for admissions to and receive Federal student aid from a number of community colleges on their behalf. The ring members knew that none of the students had any intention of attending classes, and many did not have a high school diploma or equivalent, making them ineligible to receive student aid. The ring charged the straw students fees to complete their academic coursework as well as fees for counterfeit high school diploma equivalent certificates or high school transcripts. As a result of these fraudulent efforts, the ring received more than $1.8 million in Federal student aid. One ring member was sentenced to 3 years of probation and 8 months of home detention and was ordered to pay $33,700 in restitution. The other received 3 years of probation and 2 months of home detention and was ordered to pay $84,700 in restitution.

Final Member of Fraud Ring that Targeted More Than $1.3 Million Sentenced (Colorado)

The fourth and final member of a fraud ring that tried to obtain more than $1.3 million in Federal student aid was sentenced to serve 120 months in prison followed by 3 years of supervised release and was ordered to pay more than $563,000 in restitution. From 2010 through 2012, the ring used the stolen identities of prison inmates to apply for admission to and receive Federal student aid from various community colleges in Colorado and Arizona. To obtain the data, ring members visited State Department of Corrections websites in Arizona, Colorado, Florida, Illinois, and Ohio where they retrieved the names, dates of birth, and release dates of State inmates. With this information, one of the ring members obtained the inmates' Social Security numbers through her employment at a bank. The ring then used this information to file fraudulent FAFSAs with the schools, seeking to obtain more than $1.3 million in aid.

Leader of Ring that Targeted More Than $1.2 Million in Federal Student Aid Pled Guilty (Arizona)

A woman pled guilty to charges related to operating a $1.2 million student aid fraud ring. The woman and others used the identities of straw students—some with and some without permission—to apply for admissions to and receive Federal student aid from a number of community colleges. The admissions and student aid forms for these straw students included mailing addresses controlled or accessible by the ringleader and her co-conspirators so they could obtain all student aid refund balances. Those balances were placed on prepaid debit cards that the woman and

her co-conspirators used for their own personal expenses and benefit. According to court records, the ring stored documents related to the scheme that included various lists including a list with the names and identifying information for the straw students, fake reading and math skills placement tests results, notes indicating that the scheme was intended to make money, and a list tracking items to be completed in the scheme.

Three Members of Fraud Ring that Targeted More Than $1 Million in Student Aid Arrested (California)

Three women were arrested for their roles in a fraud ring that targeted more than $1 million in Federal student aid. The three ring members, along with others, allegedly obtained the personally identifiable information of some 235 people—some of the information was stolen, and some belonged to inmates in California State prisons—that they used to apply for admissions to and receive student aid from Fullerton College and other schools. As a result of their alleged actions, more than $1 million in Federal student aid was disbursed to the straw students. Press Release

Actions Taken Against Five Members of Ring that Targeted $550,000 (Texas)

Five people were indicted for participating in a fraud ring that targeted some $550,000 in student aid at a number of Texas schools, including Collin College, Eastfield College, Navarro College, Tarrant County College, and Trinity Valley Community College. From 2014 through 2017, the ring allegedly submitted admissions forms and student aid applications to the schools loaded with false information, including statements that the applicants had obtained a high school diploma or its equivalent when in fact they did not. Further, many of the forms and applications allegedly contained information that was associated with ring members, including addresses, telephone numbers, email addresses. They also allegedly opened some 10 bank accounts in the names of the phony students that were controlled by the ring members so that they would receive the student loan refund balances.

Woman Who Orchestrated a $500,000 Fraud Ring Indicted (Mississippi)

A woman was indicted for allegedly orchestrating a fraud ring that targeted more than $500,000 in student aid. The ring allegedly used the identities of other people—both with and without their knowledge—to apply for admissions to and receive Federal student aid from schools including Walden University, Colorado Technical University, and Purdue University Global, knowing that those people had no intention of attending classes or completing coursework. For those participants who willingly provided their information to the ringleader for use in the scam, the ringleader allegedly shared a portion of the student aid award balance once received. The other people allegedly had no knowledge that the ringleader had possession of their personally identifiable information nor were they aware that it was used to apply for student aid.

First Member of Ring that Targeted Multiple Federal and State Programs Pled Guilty (Ohio)

A woman pled guilty for her role in a ring that fraudulently obtained more than $457,000 in government funds, including nearly $220,000 in Federal student aid. From 2011 through 2017, the ring recruited people to provide their personally identifiable information to apply for and obtain student aid from Columbus State

Community College, knowing that all of them were ineligible for the aid as they did not have a high school diploma or its equivalent, nor did they plan on attending classes. The woman enrolled the students in the same courses and completed the coursework, choosing the same or similar topics for papers. She did this in order to demonstrate that the "students" had satisfactory academic progress that maintained their eligibility to receive student aid. When a "student" was not making satisfactory academic progress, the woman created fraudulent documents, including medical records, for use in an academic appeals process in order to remain eligible to receive student aid. The ring also used the identities to file multiple false Internal Revenue Service tax returns and to obtain food assistance and Medicaid benefits. In her plea, the woman agreed to pay more than $457,299 in restitution.

Man Sentenced for Orchestrating $391,000 Scam (Louisiana)

A man was sentenced to 18 months in prison and 1 year of supervised release and was ordered to pay more than $391,000 for running a student aid fraud ring at Bossier Parish Community College. The man enrolled 20 people in the school and completed a FAFSA and Master Promissory Notes in each student's name. Once the student aid was received, the man would attend classes and complete coursework for the students. In return, each student paid him $1,000 per semester from the money the students received in Direct Loans and Pell Grants. Press Release

Ringleader Who Used Prisoner Identities to Obtain $262,300 in Student Aid Pled Guilty (Texas)

The leader of a fraud ring that used the identities of others, including prison inmates, to obtain student aid pled guilty to fraud. The leader recruited people to participate in the scam and used their personally identifiable information to apply for admissions to and receive Federal student aid from schools including Tarrant County College, knowing that they had no intention or were ineligible to attend the school or receive the aid. As a part of her plea agreement, the ringleader agreed to pay more than $262,300 in restitution.

Two People Pled Guilty to Running $193,700 Fraud Ring (California)

Two people pled guilty for their roles in a ring that fraudulently obtained more than $193,000 in student aid. Beginning in 2014, the two and others obtained the personally identifiable information of people, most of whom were incarcerated in California prisons, to act as "straw students." The duo and their co-conspirators used the information to apply for admissions to and receive Federal student aid from Liberty University on behalf of the straw students, knowing that these straw students would never attend any classes. The ring completed all required forms and supplied all contact information, including addresses that were under the control of the ring members. This enabled them to receive the student aid award balances.

Investigations of Other Student Aid Fraud Cases

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

Woman Sentenced for Submitting 29 Fraudulent Loan Applications to Obtain More Than $309,000 in Student Aid (Pennsylvania)

A woman who submitted 29 phony loan applications to obtain student aid was sentenced for fraud. The forms contained forged signatures, false pay stubs, and

Social Security numbers belonging to other people. As a result of her fraudulent efforts, the woman received hundreds of thousands of dollars in student aid, which she used to pay personal expenses. The woman was sentenced to 2 years of probation and was ordered to pay more than $309,000 in restitution.

Woman Who Used the Identities of People She Offered to Help with College Admissions Sentenced in $276,000 in Fraud (Louisiana)

A woman who recruited 15 people under the guise of assisting them with applying for admissions at Delgado Community College was sentenced for identity theft and theft of government funds. From 2014 through 2016, the woman used the identities of those 15 people to apply for admissions to and receive Federal student aid from the school, creating numerous bank accounts to deposit the student aid award balances, almost all of which were under the control of the ringleader or a family member. As a result of her fraudulent efforts, some $276,000 in student aid was disbursed, more than $195,400 of which went directly to the woman. The woman was sentenced to serve 6 months at a residential reentry center and 60 months of probation and was ordered to pay more than $195,400 in restitution.

Bossier Parish Community College Student Sentenced for $106,700 Student Aid Fraud (Louisiana)

A woman was sentenced to serve 10 months in prison followed by 3 years of supervised release and was ordered to pay more than $106,700 for student aid fraud. From 2013 through 2015, the woman completed and submitted admissions and student aid application forms for herself and four "straw students" falsely representing that the straw students would attend Bossier Parish Community College. She took over their student accounts, signed the students up for classes, many of which were identical to the classes she was taking, then did minimal coursework in order to keep the student aid flowing. As a result of her fraudulent efforts, the student received more than $106,700 in student aid. Press Release

Woman Claiming to Have a High School Diploma Sentenced for Fraudulently Obtaining Nearly $95,000 in Student Aid (Texas)

A woman was sentenced to 5 years of probation with the first 6 months in home confinement and ordered to pay nearly $95,000 in restitution for fraudulently claiming she had a high school diploma or its equivalent on FAFSAs and admissions forms to colleges, including Collin College and Texas Woman's University. This false claim allowed her to receive student aid to which she was ineligible. The court also ordered her to obtain a high school diploma equivalent.

Man Pled Guilty to Using 37 Identities to Obtain $60,000 in Student Aid (Virginia)

A man pled guilty to using the identities of 37 people, without their knowledge or consent, to apply for and receive Federal student aid from a number of schools, including Strayer University. He claimed that he obtained the information from a former college friend. The admissions and student aid forms that the man submitted on behalf of those 37 people included bank account information that he controlled, which enabled him to receive the student award balances. As a result of his fraudulent efforts, the man obtained some $60,000.

Family Members Sentenced, Another Man Pled Guilty for Roles in Student Aid Fraud Scams (Colorado)

In our last Semiannual Report, we highlighted a case involving family members who were operating separate student aid fraud scams. The two family members obtained Federal student aid for purported attendance at community colleges when in fact they used the money for various extravagances, including gambling, vacations, cosmetic surgery, and event tickets. One of the family members used the personally identifiable information of her unwitting mother to apply for and receive student aid. During this reporting period those two were sentenced for perpetrating their fraud scams, as were two other family members, and another man pled guilty to running a similar scam. The family received sentencing ranging from 3 years of probation to a year and a day in prison and were ordered to pay restitution ranging from $5,670 to more than $61,130.

OTHER ACTIVITIES

Participation on Committees, Work Groups, and Task Forces

- **Department of Education Policy Committees.** OIG staff participate in an advisory capacity on these committees, which were established to discuss policy issues related to negotiated rulemaking for student loan regulations and for teacher preparation regulations.
- **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 Alabama, Connecticut, Florida, Georgia, Louisiana, and Texas associated with this task force.

Reviews of Legislation, Regulations, Directives, and Memoranda

- **Department's Draft 2 of the Final Rule for Gainful Employment.** The OIG disagreed with the proposed elimination of the gainful employment accountability provision. (See also Table 8 of this report.)
- **Department's Draft Notice on Final Rule for Accreditation.** The OIG made recommendations relating to accrediting agency oversight of school definitions and assignments of credit hours and timeframes for schools to come into compliance with accrediting agency standards.
- **Department's Draft Final Rule for Borrower Defense.** The OIG continued to make recommendations related to efficiency and effectiveness.
- **Department's Draft Notice of Proposed Rulemaking for Distance Education and Innovation.** The OIG made a clarifying recommendation related to a description of OIG work.
- **Department's Draft Interim Final Rule for Total and Permanent Disability Discharge of Loans under Title IV of the Higher Education Act.** The OIG made a clarifying recommendation.

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 issued two audits specific to elementary and secondary education. The audits involved grantee controls over funding for disaster recovery efforts. More information on this work follows.

Disaster Recovery Audits

In 2018, the Bipartisan Budget Act of 2018 was signed into law, providing some $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 is intended to help 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 2018 disasters 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 have 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 help ensure 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.

During this reporting period, we issued the first reports in our disaster recovery series. These audits examined Immediate Aid to Restart School Operations Program (Restart) funding and whether selected grantees had effectively designed internal controls for the administration of these funds. Restart funds assist local educational agencies and nonpublic schools 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. Below are summaries of two reports issued in this series—the first involving the Puerto Rico Department of Education (Puerto Rico DOE) and the second involving the U.S. Virgin Islands Department of Education (Virgin Islands DOE). We will share the results of our additional work once completed.

Puerto Rico Department of Education's Internal Controls over the Immediate Aid to Restart School Operations Program

Our audit determined that the Puerto Rico DOE needs to enhance its system of internal controls to ensure that Restart program funds will be properly administered. We found that the Puerto Rico DOE's procurement and monitoring processes did not provide reasonable assurance that the Puerto Rico DOE will properly administer or adequately monitor Restart program funds. Specifically, the Puerto Rico DOE lacked controls to ensure that staff from responsible offices completed all required documents and obtained all required approvals before purchasing any good or service. We tested the Puerto Rico DOE's compliance with procurement regulations, policies, and procedures by judgmentally selecting a sample of six transactions for review: two transactions related to the acquisition of goods up to and above $50,000, two related to the acquisition of professional services up to and above $100,000, and two related to the award of contracts for professional services that did not have an applicable dollar threshold and were not subject to competition.

We identified deficiencies in five of the six transactions reviewed. By not following proper procurement regulations, policies, and procedures, the Puerto Rico DOE does not provide the transparency required for these processes and increases the likelihood of fraud, waste, abuse, and costly delays with bid protests. We also found that the Puerto Rico DOE had developed a monitoring plan and related procedures intended to help it adequately oversee the $589.2 million in Restart program funds that it was awarded on April 30, 2018. However, at the time of our audit 9 months later, it had not yet begun to implement its monitoring plan and related fraud reporting procedures and had not established proper segregation of monitoring and program coordination duties. As a result, the Puerto Rico DOE faces the risk of missed opportunities for detecting noncompliance, including reports of potential fraud, waste, and abuse by its staff and members of the public, and increased instances of conflicts of interest.

Based on our findings, we made six recommendations, including that the Puerto Rico DOE establish controls to ensure that staff involved in the procurement of goods and services follow required regulations and provide training related thereto as applicable, and that it timely implement its monitoring plan to properly monitor the Restart program to ensure appropriate use of funds and compliance with applicable laws and regulations. Puerto Rico DOE officials did not explicitly agree or disagree with our findings and recommendations. They did, however, describe some of the actions they had taken or planned to take to address some of our recommendations. Puerto Rico Restart Audit

U.S. Virgin Islands Department of Education's Internal Controls over the Immediate Aid to Restart School Operations Program

Similar to our finding with the Puerto Rico DOE, we found that the Virgin Islands DOE must enhance its designed system of internal controls to ensure it will properly administer Restart program funds and meet program objectives. Specifically, Virgin Islands DOE's fiscal and programmatic monitoring processes do not provide reasonable assurance that it will spend Restart program funds timely or that it will conduct effective monitoring of Restart program performance. Additionally, we found that the Virgin Islands DOE has not staffed its Internal Audit Division—the office responsible for conducting audits to ensure the reliability of financial data and compliance with laws and regulations—in accordance with planned staffing levels.

Also, we found that the Internal Audit Division did not have standard operating procedures. Further, the Virgin Islands DOE does not have processes to assess fraud risks and report fraud. Without effectively designed internal controls to oversee Restart program funds, the Virgin Islands DOE does not have reasonable assurance that it will use the $13.1 million Restart program funds it was awarded in May 2018 in a timely manner and for the intended purposes of the program. Delaying the use of Restart program funds could ultimately lead to a loss of funds if they are not obligated within the required 24 months. As a result, school districts and nonpublic schools could be prevented from receiving assistance that they otherwise would have received and that could have expedited the restarting of school operations, reopening of schools, and reenrolling of students. In addition, inadequate monitoring of Restart program performance could result in program objectives not being met.

Without processes to assess fraud risks and report fraud, the Virgin Islands DOE lacks a critical tool that could help it design internal controls to mitigate those risks in its administration of the Restart program. Finally, based our review of the Virgin Islands DOE's procurement process and the results of our sample testing for the five transactions we reviewed, we concluded that the Virgin Islands DOE's internal controls over procurement are effectively designed in a way that provides reasonable assurance that the Virgin Islands DOE will comply with its procurement policies and procedures when purchasing goods and services using Federal funds.

Based on our finding related to internal controls over the administration of Restart funds, we made five recommendations to address the weaknesses identified, including that the Virgin Islands DOE finalize its monitoring and internal control plan and implement processes for fiscal and programmatic monitoring of the Restart program that provide reasonable assurance that it will spend Restart program funds timely and conduct effective programmatic monitoring of the program. We also recommended that it staff its Internal Audit Division at planned levels and develop and implement standard operating procedures to provide reasonable assurance that it will fulfill its responsibilities, and that it assess the risk of fraud in Department programs and develop and implement control activities to prevent, detect, and respond to potential fraud. Virgin Islands DOE officials neither explicitly agreed nor disagreed with our findings and recommendations. They did, however, describe some of the actions they have taken or planned to take to address our recommendations. Virgin Islands Restart Audit

Investigations

OIG investigations in the elementary, secondary, and adult 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 relevant press releases follow.

Investigations of School Officials and Contractors

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

Former Education Secretary and Others Indicted on Charges of Conspiracy, Wire Fraud, Theft of Government Funds, and Money Laundering (Puerto Rico)

The former Secretary of the Puerto Rico DOE, the former Executive Director of the Puerto Rico Health Insurance Administration, and four others were indicted on charges of conspiracy, wire fraud, theft of government funds, and money laundering. The indictment alleges that the former Secretary and the others used their positions to benefit and enrich themselves with Federal funds. Several of the allegations involve contracts allegedly awarded through a corrupted 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 the contracts, 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. Press Release

Personal Assistant to Former Superintendent Sentenced for Making False Statements (Puerto Rico)

The personal assistant to the recently indicted former Superintendent of the Puerto Rico DOE was sentenced to 18 months of probation for making false statements to receive Federal benefits. While employed at the Puerto Rico DOE, the personal assistant claimed that she was unemployed and did not earn any income on Federal forms to receive housing and medical benefits for which she was otherwise ineligible. In addition to probation, the personal assistant was also ordered to pay more than $2,700 in monetary penalties.

Bazilio, Cobb, and Associates, a Third-Party Fiduciary, Agrees to $150,000 Civil Settlement (Virgin Islands)

Bazilio, Cobb, and Associates, the third-party fiduciary that administers Department funding to the Virgin Islands DOE, agreed to pay $150,000 to settle claims that it violated the False Claims Act. Bazilio, Cobb, and Associates was responsible for ensuring the Virgin Islands DOE's compliance with Federal regulations governing the use of U.S. Department of Education funds. It allegedly claimed that it ensured the Virgin Islands DOE's compliance with the use of Federal education funds in the area of property management and procurement and submitted invoices and received payment related thereto, when in fact it knew that Federal assets were missing or unaccounted for.

Former Diocese of Columbus Schools Official Pled Guilty to Making False Statements (Ohio)

The former director of Communications and Instructional Technology for the Office of Catholic Schools, an arm of the Roman Catholic Diocese of the Columbus Department of Education, pled guilty to knowingly and willfully making false statements. The charges stem from the former official's negotiation of a contract between the Diocese of Columbus Schools and an internet services provider. Under the contract, the service provider would supply internet access for 5 years at an annual cost of $600,180. The contract specified that it was only for internet access, which was an E-Rate eligible service. The charges, however, were inflated and included expenses that were not eligible for E-Rate funding. The former official knew the charges under this contract were inflated, which included $142,500 in undisclosed or hidden expenses.

Former Hempstead School District Facilities Official Pled Guilty to Fraud (New York)

The former Provisional Supervisor of Facilities for the Hempstead School District pled guilty to charges related to misuse of a school credit card and kickback scheme. The former supervisor allowed a local contractor to use a school district credit card for

his own personal expenses in exchange for kickbacks of cash and materials totaling more than $50,000. Press Release

Former President of Milwaukee Public Schools Board Pled Guilty to Bribery Charges Related to Philadelphia-Based Education and Development Company (Pennsylvania)

The former president of the Milwaukee Public Schools Board pled guilty to accepting bribes in exchange for taking official acts to help a Philadelphia-based, privately operated education and development company open an additional campus of one of its charter school subsidiaries in Milwaukee. He also introduced a measure supporting a lease to house the additional campus at lease terms favorable to the company's executives, including deferring payments of about $1 million owed by the charter school. The bribes were disguised as payments for book sales from a phony company created by the former school board president. They created sham invoices and other false records and tax returns to hide the payments from the rest of the school board. Press Release

Former Interim Director of Public Services for Brick Township Public Schools Sentenced on False Statements Charges (New Jersey)

In a previous Semiannual Report, we highlighted our investigation involving the former superintendent for Brick Township Public Schools, his daughter (the former interim director of public services for the school district), and his wife (a former Brick Township Public Schools employee). They were indicted for allegedly using

their positions to provide the superintendent's grandson with extravagant daycare services—totaling more than $50,000—at the school district's expense by falsely claiming that the child was in need of special services. Further, the former director of public services was also charged with intentionally failing to disclose his 1990 criminal conviction on his Brick Township employment application. During this reporting period, the former interim director was convicted on charges of making false statements. He was sentenced to service 1 day of confinement, 12 months of probation, and was ordered to pay $8,200 in restitution.

Former Executive Director of Lessie Bates Davis Neighborhood House Pled Guilty to Embezzlement (Illinois)

The former Executive Director of the Lessie Bates Neighborhood House, a nonprofit organization in East St. Louis, Illinois, which provided various community services that includes tutoring services, pled guilty to embezzlement. The former official, who oversaw the organization's fiscal affairs, used his position to embezzle money from the organization. He did so by creating false invoices for payment to a company called the "Computerized Information Group," a company that the official owned that was incorporated as the "Coleman Investment Group." He changed the name on the invoices to "CIG" to conceal his ownership. The former official used the funds for the benefit of himself and others. Press Release

Former Swink Public Schools Treasurer Sentenced for Theft (Oklahoma)

The former treasurer of Swink Public Schools was sentenced to 48 months of probation for stealing more than $42,700 from the school district. From 2012 through 2015, the former treasurer wrote checks to herself and others unrelated to school business. In her plea agreement, the former treasurer agreed to pay more than $42,730 in restitution. Press Release

Former Vocational Rehabilitation Business Employee Pled Guilty to Fraud (Delaware)

A former job placement counselor with Connections Community Support Programs, Inc., a vendor of the Delaware Division of Vocational Rehabilitation, pled guilty to charges of fraud. Between 2015 and 2016, the former counselor submitted falsified client paperwork and created bogus client paystubs so that the Delaware Division of Vocational Rehabilitation would pay Connections Community Support Programs for completed client services. By submitting over 30 false documents, the former counselor not only caused payments between $40,000 and $95,000 in excess funds to his employer but made the company's services appear more successful than they actually were and so improved his own job security. Press Release

Former High School Counselor Sentenced for Fraud (West Virginia)

A former counselor at Greenbrier West High School was sentenced to 6 months in prison and was ordered to pay nearly $19,000 in restitution and fines for using her position to alter the grades of her two daughters to receive merit-based and Federal student aid to which they were otherwise not entitled. The former counselor abused her access to the West Virginia Education Information System—the State's system that manages student records, including grading for all active, inactive, and graduated students—and altered more than 35 grades for her daughters; some were changed several years after the original grades were posted. As a result of

her actions, the girls fraudulently received more than $10,000 in merit-based and Federal student aid. Press Release

Investigations of Charter Schools and Charter School Officials

The following are summaries and relevant press releases of 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.

Charter School Founder and Chief Executive Officer Sentenced to Prison for Misappropriating $3.2 Million Public Education Funds (California)

The founder and former chief executive officer of Celerity Educational Group, a nonprofit company that owned and operated charter schools, was sentenced to 2 and a half years in prison for misappropriating about $3.2 million in public education funds awarded to several Celerity charter schools. The founder 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, and leather-making equipment used by a for-profit company the founder and her family was involved with. To cover up the theft, the founder, and allegedly other Celerity leaders, 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. Press Release

Victims of the Varnett Public School Charter School Fraud to Receive More Than $600,000 in Restitution (Texas)

In a previous Semiannual Report, we noted that the founder and superintendent of the Varnett Public School, a charter school in Houston, and her husband, the school's facilities and operations manager, were sentenced to prison for bilking the school out of millions of dollars. During this reporting period, a U.S. District Judge ordered that the 4,000 parents who had entrusted their children to the administrators at the school receive payments totaling more than $600,000 and that the payments be made in an expedited manner. The founder was previously sentenced to 10 years in prison and 3 years of supervised release and was ordered to pay more than $4.7 million. Her husband was sentenced to 3 years in prison and 1 year of supervised release and was ordered to pay more than $4.5 million in restitution and fines. Press Release

Superintendent of Houston Gateway Academy and an Information Technology Contractor Pled Guilty to Theft (Texas)

The former superintendent of Houston Gateway Academy, a charter school in Texas, and a full-time school employee at the time who was also the owner of an information technology company called Hot Rod Systems, pled guilty to charges of theft and conspiracy, respectively. The former superintendent allegedly awarded a contract to Hot Rod Systems totaling more than $280,800 for the installation and configuration of information technology network equipment at a new school campus, when the two knew that construction on the campus had not yet begun.

Within days of the payment, the contractor allegedly wired more than $164,300 to the superintendent's personal bank account that he used for his personal benefit.

Investigations of Academic Tutoring Services Providers

The following are summaries of OIG criminal investigations involving the fraud, theft, and other misuse of Federal funds for academic tutoring services, including Supplemental Educational Services funds—money that should have gone toward tutoring and other academic enrichment activities for disadvantaged students to help improve achievement in reading, language arts, and math.

Vernet-Virtual Educational Resources Services Network Agrees to $250,000 Civil Settlement (Puerto Rico)

Vernet-Virtual Educational Resources Services Network, a Supplemental Educational Services provider in Puerto Rico, agreed to pay $250,000 to settle claims that it submitted payment invoices to the Puerto Rico DOE for services never rendered. The company was alleged to have submitted payment invoices for after-school tutoring and other remedial academic services to students who did not receive them and did not attend the educational sessions.

Teacher Sentenced for Role in Rocket Learning Scam (Puerto Rico)

In previous Semiannual Reports, we highlighted that 51 people were indicted for their alleged roles in a Supplemental Educational Services fraud scheme involving the tutoring company Rocket Learning. During this reporting period, a teacher was sentenced for her role in the scam. Rocket Learning and the scam participants billed the Puerto Rico Department of Education more than $954,000 for tutoring services that were never provided. The teacher was sentenced to serve 1 year of probation and was ordered to pay $900 in restitution.

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.

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 a review of the Department's political appointees' compliance with Federal laws, regulations, and Department policies regarding the use of email, and two statutory audits involving the Department's compliance with the Improper Payments Elimination and Recovery Act and the Federal Information Technology Acquisition Reform Act. Summaries of this work follows.

Political Appointees' Use of Email

Representative Rosa DeLauro requested that the OIG conduct a review of political appointees at the Department to ensure that these officials are following the spirit and letter of all Federal laws and regulations, as well as Departmental policies, related to email use. To respond to the request, we interviewed Department officials, reviewed Department policies and procedures, surveyed politically appointed officials, reviewed emails to validate survey responses, and reviewed several Freedom of Information Act (FOIA) requests. We found that the Department established policies and conducted training on its policies that prohibit all employees from using personal email or messaging applications to conduct Department business, allowing personal email and messaging to be used only under exceptional circumstances. When employees use personal email to conduct Department business, they must forward those messages to a Department account within 20 days. Seventy-eight percent of the political appointees we surveyed reported use of personal email and/or messages in limited circumstances for a variety of reasons, including technical problems with their government equipment and working after hours. We judgmentally selected four of these appointees and confirmed that they forwarded messages to their Department accounts. We found the Department's training could be improved to more clearly explain when use of personal email and messaging is appropriate. We also found that the Department has policies and practices to preserve all email by its employees, and all employees are required to take records management training annually in which they are informed of their responsibilities for preserving electronic messages that are created outside of official accounts. Although the Department's policy states only that a record in a personal account should be forwarded to the Department's email system, the policy does not include the statutory requirement

that any record created or sent with a nonofficial messaging account must be sent to the employee's official account.

Also, the Secretary reported that it was not her practice to conduct government business using personal email accounts, and where she was aware that emails on a personal account may have involved government business, she took steps to ensure that such communications were directed to the Department's email system. We found only a limited number of emails sent to or from her private accounts in the Department email system; those messages were preserved only in the government accounts of other Department employees who were included on those messages, and not in the Secretary's Department accounts. The Office of the Secretary informed us that it had completed a review to ensure that any messages relating to Department business contained in the Secretary's private accounts were now also preserved in her Department accounts. Lastly, we found that the Department has policies and practices in place to search for and review email when needed in response to FOIA requests. However, for one FOIA request we reviewed, we found that the Department did not identify or produce responsive email that we identified. For another FOIA request, the Department did identify and produce email sent by the Secretary from her private account.

Based on our review, we determined that the Department could improve its training to more clearly explain when the use of personal email and messaging is appropriate. It could also improve its written policy on records management by updating it to reflect all statutory requirements, and it could improve its FOIA procedures by requiring that affected employees search for responsive email and confirm that they completed the search. In response to our review, the Department stated that it would continue to review its training materials to ensure they clearly explain staff responsibilities. Political Appointees' Use of Email Review

Improper Payments

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Federal agencies to conduct annual risk 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 (FY). 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. A summary of our audit of the Department's compliance with IPERA for FY 2018 appears below.

FY 2018 IPERA RESULTS

For the first time in 5 years, we found that the Department complied with IPERA because it met each of the six compliance requirements. Specifically, 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 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 the Department's improper payment estimates and methodologies for the Federal Pell Grant Program (Pell) and William D. Ford Federal Direct Loan Program (Direct Loan) were generally accurate and complete. However, although we found that the Department implemented corrective actions that could prevent and reduce improper payments in its Pell and Direct Loan programs, we could not accurately evaluate the Department's performance in recapturing improper payments because the amounts of identified and recaptured improper payments the Department reported for all programs and activities were inaccurate and incomplete. In addition, although the Department listed in its Agency Financial Report that the failure to verify financial data was an underlying root cause of improper payments for the Direct Loan program, it did not report the amount of improper payments associated with the root cause, as required. Because it did not do so, stakeholders and other users of the Department's Agency Financial Report did not have complete information about the root causes and associated amounts related to the Department's Direct Loan improper payments for FY 2018.

We also found that the Department was not required to conduct a risk assessment of its high-priority programs (Pell and Direct Loan) in FY 2018 because these programs have been reporting improper payment estimates under IPERA since FY 2011. However, we determined that the Department adequately assessed the level of risk associated with its high-priority programs through implementation of its improper payment

estimates and methodologies. Lastly, the Department adequately described in its FY 2018 Agency Financial Report the oversight and financial controls it designed and implemented to identify and prevent improper payments.

Based on our finding, we recommended that the Department design and implement controls to ensure that its accounting and reporting of identified and recaptured improper payments are accurate and complete. The Department agreed with the finding and recommendations. IPERA Report

Federal Information Technology Acquisition Reform Act

In December 2014, Congress enacted the Federal Information Technology Acquisition Reform Act of 2014 (FITARA) to improve major Federal agencies' information technology acquisitions as well as hold Chief Information Officers (CIO) accountable for reducing duplication of efforts across agencies and achieving cost savings. The law empowers agency CIOs with specific authorities to enhance their role and responsibility for the management of information technology and provides a set of tools and guidelines that allow agencies to better manage and secure information technology systems and acquisitions. FITARA requires the head of each covered agency to ensure that the CIO of the agency has a significant role in (1) the decision process for all annual and multiyear planning, programming, budgeting, and execution decisions, related reporting requirements, and reports related to information technology and (2) the management, governance, and oversight processes related to information technology. During this reporting period, we reviewed the Department's compliance with the FITARA CIO authority enhancements as defined by the Common Baseline, transparency and risk management and the reporting of required data under FITARA and required PortfolioStat sessions and related action items. Our audit reviewed the Department's compliance with these FITARA requirements from the enactment of FITARA in December 2014, through the end of our audit fieldwork in June 2019. Below you will find the results of our review.

Department's Compliance with FITARA Requirements

Our audit found that improvements are needed in the Department's compliance with CIO authority enhancements. Specifically, we found that the Department has fully implemented and documented in policy only 8 (47 percent) of the 17 CIO authority enhancements. The Department's Office of the Chief Information Officer was unable to provide evidence that 6 (35 percent) of the 17 CIO authority enhancements have been fully implemented and the Department's policies and procedures did not fully address 5 (29 percent) of the 17 CIO authority enhancements at the time we began our audit fieldwork, although 3 authority enhancements were later documented in revised guidance. Without implementing and formally documenting the CIO authority enhancements, the Department is hindering its ability to achieve FITARA's goals of better managing and securing information technology systems and acquisitions and to ensure that staff are aware of their roles and responsibilities within the process, and that requirements are being appropriately implemented.

We also found that improvements are needed in the Department's process for ensuring transparency and risk management of information technology resources. Specifically, we found that the Department has not correctly classified all major

information technology investments, has not consistently adhered to its process for assessing the risk of those investments, and has not always conducted TechStat sessions of high-risk major information technology investments as required by FITARA. Consequently, investments are not subjected to additional transparency and risk management requirements, CIO ratings published to the Information Technology Dashboard are outdated, and any critical problems facing an investment may go unidentified longer than they should. We also found that the Department is not always meeting FITARA PortfolioStat requirements. PortfolioStat is a data-driven tool that agencies use to assess the current maturity of their information technology portfolio management processes. We were unable to determine whether the Department has been holding required quarterly PortfolioStat sessions with the Office of Management and Budget or to confirm that the required topics of PortfolioStat sessions were discussed. The Department also did not always report on the status of its PortfolioStat action items in its quarterly Integrated Data Collection submission and was unable to provide evidence that the CIO and agency head reviewed and certified the status of PortfolioStat action items and sent the certification to the Office of Management each year. Lastly, we found that while the Department appears to be completing PortfolioStat action items, action items have not always been completed timely. If the Department is not holding required PortfolioStat sessions with the Office of Management, it is missing out on a tool to assess its information technology portfolio management process and jeopardizing its ability to realize the PortfolioStat goals of driving value in information technology investments, delivering world-class digital services, and protecting information technology assets and information. Not reporting on the status of action items each quarter is hindering the ability of the Office of Management to track progress and recommend course corrections. Further, by not completing action items timely, the Department is delaying opportunities to optimize its information technology portfolio, programs, and resources.

Based on our findings, we made 12 recommendations, including that the Department fully implement and document the CIO authority enhancements as defined in the FITARA Common Baseline and ensure appropriate oversight of implementation; that the CIO update, finalize, and implement policy on classifying major information technology investments to ensure that investments that are exempted from policy are clearly documented and the treatment of full-time equivalent costs is consistently applied; that the CIO update, finalize, and implement policy to meet FITARA TechStat requirements, including requirements for TechStat sessions to be held for any investments rated as high risk for 3 consecutive months and specifying timeframes in which required TechStat sessions should be held, and ensuring documentation is maintained in accordance with policy; and that the CIO maintain PortfolioStat meeting documentation in accordance with applicable Federal records management

regulations and Department policy, including significant correspondence with the Office of Management and other information regarding milestones as they relate to FITARA reporting requirements. The Department concurred or partially concurred with 9 of our 12 recommendations and did not concur with 3 of our recommendations. FITARA Report

Investigations

The following is a summary and two press releases on an OIG investigation related to abuse of a Department data system.

Two Former Haverford College Students Pled Guilty to Charges Related to Their Attempt to Access President Trump's Tax Information (Pennsylvania)

Two former Haverford College students pled guilty to accessing the school's computer system without authorization in an attempt to access President Trump's tax returns from the Internal Revenue Service. While at Haverford, the students conspired to use computers at the school's computer lab and the FAFSA website to illegally access the tax returns. The students opened a false FAFSA application in the name of a member of the Trump family and found that someone else had already obtained a username and password for Donald Trump. To reset the password, the students were prompted to answer challenge questions, which the original person had created when setting up the account. The students were able to answer the questions and reset the password, and then used the President's personally identifiable information, including his Social Security number and date of birth, to attempt to import the President's Federal tax information into the bogus FAFSA application. Ultimately, this illegal attempt failed. Press Release #1, Press Release #2

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

- **Department Directive, Executive Development Program for Senior Executive Service Members and Senior Professional Employees.** The OIG provided clarifying comments.
- **Department Directive, Handbook for Personal Assistant Services.** The OIG made technical comments.

Other OIG Efforts

This section of our Semiannual Report contains information on other efforts completed during this reporting period specific to the OIG. This includes our required non-Federal audit-related work, other reports, and noteworthy activities. Below you will find summaries of this 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 quality control reviews of non-Federal audits, providing technical assistance, and issuing audit guides to help independent public accountants performing audits of participants in the Department's programs.

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

- Pass—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—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—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 23 quality control reviews of engagements conducted by 13 independent public accountants. We concluded that none were Pass, 13 (56.5 percent) were Pass with Deficiencies, and 10 (43.5 percent) were Fail.

When a quality control review receives a rating of Fail, the independent public accountant must resolve the deficiencies identified. If the independent public accountant 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 recommended that FSA reject the audit reports of two institutions. FSA had rejected one of those audit reports as of the end of this reporting period. Furthermore, we referred two independent public accountants to the American Institute of Certified Public Accountants and/or to the appropriate State Boards of Accountancy for possible disciplinary action. We made these referrals due to the independent public accountants' unacceptable audit work. During this reporting period, we received information from State Boards of Accountancy regarding disciplinary actions taken against three independent public accountants as a result of our previous referrals. One independent public accountant received an advisory letter, while two others had limitations placed on their individual and firm licenses, one of which was prohibited from performing audits without a preissuance review by an approved reviewer.

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 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 conducted two training sessions focused on upcoming changes to audit guides for for-profit and foreign institutions and common quality control review deficiencies. The sessions were presented to leaders in postsecondary career education at the 2019 Annual Convention of Career Education Colleges and Universities and the 2019 Annual Conference of Central States Private Education Network.

Other OIG Reports and Efforts

During this reporting period, the OIG issued its first Diversity and Inclusion Strategic Plan and released four additional episodes of our "Eye on ED" podcast, including a Spanish-language podcast focused on reporting fraud. Summaries of these efforts follow.

Diversity and Inclusion Strategic Plan

In July, we issued our Diversity and Inclusion Strategic Plan for Fiscal Years 2019–2022. Through this plan, the OIG affirms and advances its long-standing commitment to a diverse and inclusive workforce and workplace environment that will help ensure that the work we produce is accessible to the diverse public we serve. This plan aligns with the goals presented in our statutory Five-Year Strategic Plan (FY 2018–2022) as well as Executive Order 13583, "Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce," so we may use the talents of all segments of society in creating a culture that encourages collaboration, flexibility, and fairness. The results of the efforts presented in the plan will have a positive impact on the work we produce for and on behalf of America's taxpayers and students, as we will draw on a wealth of varied perspectives, experiences, and skills that will allow us to consistently improve our products and services. These results will also allow us to better meet our statutory mission to promote the efficiency, effectiveness, and integrity of, and root out waste, fraud, and abuse involving the Department's programs and operations. Diversity and Inclusion Strategic Plan

Eye on ED Podcasts

During this reporting period, the OIG released additional episodes in its "Eye on ED" podcast series, including an episode focused on OIG's audit and investigative work in support of disaster recovery, and our first Spanish language podcast focused on what people can do to help identify and stop fraud involving disaster recovery funds. OIG staff write, produce, and are featured on Eye on ED podcasts, which are available on the OIG's website. Eye on ED Podcasts

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. Before her retirement, Inspector General Tighe was the at-large member of CIGIE's Executive Council, as well as a member of CIGIE's Audit Committee. Deputy Inspector General Delegated the Duties of Inspector General Bruce is a member of the Audit Committee and the Information Technology Committee.

  OIG staff 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
  - Disaster Assistance 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

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, Financial Statement Audit Committee Workgroup.** OIG staff serve on this interagency workgroup consisting of OIG auditors 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	Family Federal Education Loan
FISMA	Federal Information Security Modernization Act of 2014
FSA	Federal Student Aid
FY	Fiscal Year
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
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 the 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, the Inspector General Empowerment Act of 2016, and the National Defense Authorization Act for Fiscal Year 2008.

Section	Requirement	Table Number	Page Number
-	Statistical Summary of Audit and Other Report Accomplishments (October 1, 2018, through September 30, 2019)	1	52
-	Statistical Summary of Investigations Accomplishments (October 1, 2018, through September 30, 2019)	2	53
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	11	69
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, 2019, through September 30, 2019)	3	55
Section 5(a)(4) of the IG Act	Matters Referred to Prosecutive Authorities (October 1, 2018, through September 30, 2019)	2	53
5(a)(5) and 6(c)(2) of the IG Act	Summary of Instances in Which Information or Assistance Was Refused or Not Provided	11	69
Section 5(a)(6) of the IG Act	Listing of Reports Audit and Other Reports and Products on Department Programs and Activities (April 1, 2019, through September 30, 2019)	4	56
Section 5(a)(8) of the IG Act	Questioned Costs Audit and Other Reports with Questioned or Unsupported Costs	5	57
Section 5(a)(9) of the IG Act	Better Use of Funds Audit and Other Reports with Recommendations for Better Use of Funds	6	58
Section 5(a)(10) of the IG Act	Unresolved Reports Unresolved Audit and Other Reports Issued before Reporting Period	7	59
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	11	69
Section 5(a)(10)(C) of the IG Act	Outstanding Unimplemented Recommendations with Aggregate Potential Cost Savings	7	59
Section 5(a)(11) of the IG Act	Significant Revised Management Decisions	11	69
Section 5(a)(12) of the IG Act	Significant Management Decisions with Which the OIG Disagreed	8	68

Section	Requirement	Table Number	Page Number
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	11	69
Section 5(a)(14)-(16) of the IG Act	Peer Review Results	10	68
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)	53
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	53
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	11	69
Section 5(a)(20) of the IG Act	Description of Instances of Whistleblower Retaliation	11	69
Section 5(a)(21) of the IG Act	Description of Attempt by Agency to Interfere with OIG Independence	11	69
Section 5(a)(22)(A) of the IG Act	Description of Audits Closed but Not Disclosed to the Public	11	69
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	9	68
Section 845 of the National Defense Authorization Act for Fiscal Year 2008	Contract-Related Audit Products with Significant Findings	11	69

Table 1. Statistical Summary of Audit and Other Report Accomplishments (October 1, 2018, through September 30, 2019)

Accomplishment	October 1, 2018–March 31, 2019	April 1, 2019–September 30, 2019	FY 2019 Totals
Audit Reports Issued	11	8	19
Inspection Reports Issued	0	0	0
Other Products Issued	1	0	1
Questioned Costs (Including Unsupported Costs)	$14,004	$0	$14,004
Recommendations for Better Use of Funds	$0	$0	$0
Reports Resolved By Program Managers	10	8	18
Questioned Costs Sustained (Including Unsupported Costs)	$712,673,223	$14,004	$712,687,227
Unsupported Costs Sustained	$0	$0	$0
Additional Disallowances Identified by Program Managers	$0	$0	$0
Management Commitment to the Better Use of Funds	$0	$0	$0

Table 2. Statistical Summary of Investigative Accomplishments (October 1, 2018, through September 30, 2019)

Accomplishment	Description of the Metric	October 1, 2018–March 31, 2018	April 1, 2019–September 30, 2019	FY 2019 Totals
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.	31	35	66
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	39	45	84
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	329	218	-
Investigative Reports Issued	Number of Reports of Investigation issued during the reporting period.	46	52	98
Total Number of Persons Referred to State and Local Prosecuting Authorities	Number of individuals and organizations formally referred to State or local prosecuting authorities for prosecutorial decisions during the reporting period.	0	0	0
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.	10 Civil[1] 27 Criminal	9 Civil 18 Criminal	19 Civil 45 Criminal
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.	22	41	63
Convictions/Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	26[2]	35	61
Fines Ordered	Sum of all fines ordered during the reporting period.	$2,700	$16,155	$18,855
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	$19,302,796[3]	$6,769,709	$26,072,505

[1] Updated from data included in SAR 78.

[2] Updated from data included in SAR 78.

[3] Updated from data included in SAR 78.

Accomplishment	Description of the Metric	October 1, 2018–March 31, 2018	April 1, 2019–September 30, 2019	FY 2019 Totals
Civil Settlements/ Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	4	4	8
Civil Settlements/ Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	$3,066,900	$720,502	$3,787,402
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	$4,326,622	$727,327	$5,053,949
Forfeitures/Seizures	Sum of all forfeitures/seizures ordered during the reporting period.	$20,000	$312,734	$332,734
Estimated Savings	Sum of all administrative savings or cost avoidances that result in a savings to, or better use of funds for, a program or victim during the reporting period. These are calculated by using the prior 12 month period of funds obtained or requested and then projecting that amount 12 months forward.	$0	$0	$0
Suspensions Referred to Department	Number of suspensions referred to the Department during the reporting period.	11	13	24
Debarments Referred to Department	Number of debarments referred to the Department during the reporting period.	9	24	33

Table 3. Significant Recommendations Described in Previous Semiannual Reports to Congress on Which Corrective Action Has Not Been Completed (April 1, 2019, through September 30, 2019)

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	2	8	1/14/2021
FSA	Audit A19R0003[4] New	Federal Student Aid's Contractor Personnel Security Clearance Process *(SAR 77, page 54)*	4/17/18	8/20/18	9	8	10/31/2019
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	10/31/2019
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	1/28/2020

[4] Audit control number A09R0003 (OPE) has been resolved over 1 year. It will not be moved to Table 3 because the report contains no "significant trackable recommendations." We will continue to report it in Table 7 until it is closed.

Table 4. Audit and Other Reports and Products on Department Programs and Activities (April 1, 2019, through September 30, 2019)

Office	Report Type and Number	Report Title	Date Issued	Questioned Costs	Unsupported Costs	Number of Recs
FSA	Audit A02Q0007	Federal Student Aid's Process to Select Free Application for Federal Student Aid Data Elements and Students for Verification (The report was addressed to FSA and OPE)	4/26/19	-	-	6
FSA	Audit A04S0012	Federal Student Aid's Oversight of Schools' Compliance with Satisfactory Academic Progress Regulations	7/17/19	-	-	4
FSA	Audit A05T0009	DeVry University's Compliance with Federal Verification and Reporting Requirements	8/27/19	-	-	-
FSA	Audit A06T0004	South Florida Institute of Technology's Compliance with Federal Verification and Reporting Requirements	9/30/19	-	-	1
OCIO	Audit A19S0002	The Department's Compliance with FITARA Requirements	9/23/19	-	-	12
OESE	Audit A04S0013	Puerto Rico Department of Education's Internal Controls Over the Immediate Aid to Restart School Operations Program	7/17/19	-	-	6
OESE	Audit A04S0014	U.S. Virgin Islands Department of Education's Internal Controls over the Immediate Aid to Restart School Operations Program	6/3/19	-	-	5
OFO	Audit A04T0004	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)	5/29/19	-	-	6
Total	**8 reports**	**-**	**-**	**-**	**-**	**40 Recs**

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	2	$111,485[5]	$0
B. Which were issued during the reporting period	0	$0	$0
Subtotals (A + B)	2	$111,485	$0
C. For which a management decision was made during the reporting period	1	$14,004	$0
(i) Dollar value of disallowed costs		$ 14,004	
(ii) Dollar value of costs not disallowed		$0	
D. For which no management decision was made by the end of the reporting period	1	$97,481	$0

[5] Reflects recommendations from two OIG audit reports: "University of Houston's Compliance with Verification and Reporting Requirements" ($14,004) and "Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Audit Education Program Funds" ($97,481).

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 A02H0007	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. **Current Status:** 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[6] A03I0006	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. **Current Status:** FSA informed us that the audit is currently under the appeal process.	8/3/09	Yes	3	$22,378,905

[6] This audit was inadvertently left off of Table 7 in SAR 78. It was included in previous SARs.

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	Saint Mary-of-the-Woods College's Administration of the Title IV Programs A05K0012	The audit found that the school had been ineligible to participate in Federal student aid programs since 2005 because at least half of its students were enrolled in ineligible correspondence courses. **Current Status:** FSA informed us that the audit is under the appeal process.	3/29/12	Yes	19	$42,362,291
FSA	SOLEX College's Administration of Selected Aspects of the Title IV Programs A05O0007	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. **Current Status:** 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	Federal Student Aid: Efforts to Implement Enterprise Risk Management Have Not Included All Elements of Effective Risk Management A05Q0007	The audit found that FSA did not implement all elements of its framework or implement all elements characteristic of effective enterprise risk management. As a result, FSA management did not have reasonable assurance that its efforts helped it achieve its enterprise risk management objectives and reduce enterprise-level risks to be within the level management was willing to accept. **Current Status:** FSA informed us that the audit is resolved, and it is working to close the audit.	7/24/18	Yes	6	$0
FSA	Final Independent Auditors' Report Fiscal Year 2018 Financial Statements Federal Student Aid A17S0002 New	The audit identified one material weaknesses involving internal controls over modeling activities of student loan portfolio costs and one significant deficiency involving information technology control deficiencies. The audit also identified one instance of noncompliance involving debts that are more than 120 days delinquent. **Current Status:** FSA informed us that the audit is resolved but all corrective actions have not been completed.	11/15/18	Yes	12	$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
FSA	University of Houston's Compliance with Verification and Reporting Requirements A06S0007 New	The audit found that the University of Houston completed verification of applicant data in accordance with Federal requirements for 55 of the 60 students in our sample; however, it did not properly perform verification of applicant data in accordance with Federal Requirements for 5 of 60 students. As a result, the school improperly disbursed about $14,000 in Federal Pell Grant Program funds for students. The audit also determined that the school accurately reported verification results for 59 of 60 students in our sample. **Current Status:** FSA informed us that the audit is in the Department's audit closure process.	11/30/18	Yes	2[7]	$14,004[8]
FSA	Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans A05Q0008 New	The audit found the FSA's oversight policies, procedures, and activities collectively did not provide reasonable assurance that the risk of servicer noncompliance with requirement for servicing federally held student loans was being mitigated or reduced. **Current Status:** FSA informed us that the audit is resolved, but they are working to complete the audit.	2/12/19	Yes	6	$0
OCIO	The U.S. Department of Education's FISMA Report for Fiscal Year 2018 (The report was addressed to ODS and FSA) A11S0001 New	As guided by FY 2018 FISMA Metrics, we 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, of which seven are repeat findings. **Current Status:** OCIO informed us that it is working to close this audit.	10/31/18	Yes	45	$0

[7] Report A06S0007 also made a suggestion to the University of Houston.

[8] The University of Houston stated that it returned $14,404 in improperly disbursed Pell funds during our audit; this is considered questioned costs for SAR reporting purposes.

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
OCTAE	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds A04O0004	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. **Current Status:** OCTAE informed us that it is working to resolve this audit. OFO/Post Audit Group Program Determination Letter was issued on 8/27/2018.	2/22/18	No Proposed resolution date unknown	9	$97,481
OESE	Puerto Rico Department of Education's Award and Administration of Personal Services Contracts (OCTAE OSDFS, OSERS/OSEP and Risk Management Services also designated as action officials) A04J0005	The audit found that the Puerto Rico Department of Education lacked sufficient controls to ensure compliance with State and Federal laws in awarding personal service contracts and in ensuring that those services were allowable and adequately supported. **Current Status:** OESE and OSERS informed us that the audit is in the Department's closure process.	1/24/11	Yes	11	$15,169,109
OESE	Harvey Public School District 152: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses A05Q0003	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. **Current Status:** OESE informed us that it is working to resolve this audit.	5/18/17	No Proposed resolution date: November 2019	5	$0
OESE	Calculating and Reporting Graduation Rates in Alabama A02P0010	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. **Current Status:** OESE informed us that it is working to resolve this audit.	6/14/17	No Proposed resolution date: November 2019	6	$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 California A02Q0005	The audit found that the California Department of Education's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete. **Current Status:** OESE informed us that the audit is resolved, but not all corrective actions have been completed.	1/11/18	Yes	6	$0
OESE	Detroit Public Schools Community District: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses A05R0001	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. **Current Status:** OESE informed us that it is working to resolve this audit.	3/28/18	No Proposed resolution date: December 2019	10	$0
OESE	New York State's and Selected Districts' Implementation of Selected Every Student Succeeds Act Requirements under the McKinney-Vento Homeless Assistance Act A03Q0005	The audit found that New York had not yet completed updating its policies and procedures, did not require local educational agencies to submit final documentation in response to monitoring findings, and was not ensuring that local educational agencies were reporting all unaccompanied youth. **Current Status:** OESE informed us that it is working to resolve this audit.	3/29/18	No Proposed resolution date: October 2019	9	$0
OESE	Orleans Parish School Board: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses A05R0002	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. **Current Status:** OESE informed us that it is working to resolve this audit.	5/14/18	No Proposed resolution date: March 2020	2[9]	$0

[9] Report A05R0002 also contains one suggestion.

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	The Department's Oversight of the Indian Education Formula Grant Program A19Q0002	The report found the monitoring activities Office of Indian Education conducts are insufficient to ensure that grantees are making progress towards meeting program goals and spending grant funds appropriately. The report found a lack to written comprehensive procedures, follow-through and documentation. Although the Office of Indian Education collected some data on grantee performance and use of funds, the report found little evidence that the office used the data to provide assistance to grantees in implementing the program successfully. **Current Status:** OESE informed us that the audit is resolved, but all corrective actions have not been completed.	9/28/18	Yes	12	$0
OESE (Note: audit was transferred from ODS to OII which is now part of OESE)	Nationwide Audit of Oversight of Closed Charter Schools (The report was addressed to ODS (now OS) and recommended that ODS (now OS) coordinate with OESE, OSERS, and OII on report recommendations) A02M0011	The report found that the Department's oversight and monitoring of the States was not effective to ensure that the States performed the charter school closure process in accordance with Federal laws and regulations. **Current Status:** OESE and OSERS informed us that the audit is resolved, but all corrective actions have not been completed.	9/28/18	Yes	3[10]	$0
OESE	Calculating and Reporting Graduation Rates in Utah A06R0004 New	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. **Current Status:** OESE informed us that it is working to resolve this audit	11/27/18	No Proposed resolution date: March 2020	7	$0

[10] Report A02M0011 also contains one suggestion.

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 (Formerly OCFO)	Audit of the University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project (OPE also designated as action official) A05D0017	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. **Current Status:** 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 A09P0001	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. **Current Status:** OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1/25/16	Yes	5	$0
OFO	Protection of Personally Identifiable Information in the Commonwealth of Virginia's Longitudinal Data System (Note: Audit was transferred from IES to OFO.) A02P0006	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. **Current Status:** OFO informed us that it is working to resolve this audit.	7/12/16	No Proposed resolution date: December 2019	3	$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 Oregon's Statewide Longitudinal Data System (Note: Audit was transferred from IES to OFO.) A02P0007	The audit found that the Oregon's statewide longitudinal data system had a lack of documented internal controls in the system that increases the risk that the State will be unable to prevent or detect unauthorized access and disclosure of personally identifiable information. **Current Status:** OFO informed us that the audit is resolved, but they are working to complete the audit.	9/27/16	Yes	3	$0
OFO	Illinois State Board of Education's Oversight of Local Educational Agency Single Audit Resolution A02P0008	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. **Current Status:** 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) A06Q0001	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. **Current Status:** OFO informed us that it is working to resolve this audit.	7/10/17	No Proposed resolution date: December 2019	4	$0
OFO (From the former OM)	The Department's Implementation of the Contractor Personnel Security Clearance Process A19P0008	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. **Current Status:** 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	Final Independent Auditors' Report Fiscal Year 2018 Financial Statements U.S. Department of Education (The report was addressed to OCFO with OCIO copied) A17S0001 New	The audit identified one material weaknesses involving internal controls over modeling activities of student loan portfolio costs and one significant deficiency involving information technology control deficiencies. The audit also identified one instance of noncompliance involving debts that are more than 120 days delinquent. **Current Status:** OFO did not provide status information for this audit during this reporting period.	11/15/18	Yes	12	$0
OPE	U.S. Department of Education's Recognition and Oversight of Accrediting Agencies A09R0003	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. **Current Status:** 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) A09R0008 New	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. **Current Status:** OPEPD informed us that the audit is resolved, but all corrective actions have not been completed.	11/26/18	Yes	8	$0
OSERS	Office of Special Education Programs' Differentiated Monitoring and Support A09R0004 New	The audit found that the Office of Special Education Program needs to enhance its internal controls to help ensure that it plans and conducts Differentiated Monitoring and Support properly and consistently across all States. **Current Status:** OSERS informed us that the audit is in the Department's audit closure process	10/25/18	Yes	5	$0

Table 8. Significant Management Decisions with which the OIG Disagreed

Description
Gaintful Employment: On July 1, 2019, the Department rescinded the Gainful Employment regulations. When the Department proposed the rescission in May 2018, we reported the proposal in Semiannual Report to Congress No. 77 as a significant management decision with which the OIG disagreed. In our recommendations to Congress for reauthorization of the HEA, we highlighted the need for a continued definition of "gainful employment" in order to ensure compliance with the Gainful Employment requirement established by Congress in the HEA. The OIG disagreed with the final rescission of the Gainful Employment regulations without including an adequate replacement to ensure accountability and compliance with the requirements of the HEA.

Table 9. Description of Investigations Involving Senior Government Employees (GS-15 or Above) that Were Closed but Not Disclosed to the Public

Description
The OIG investigated allegations involving violations of Federal conflict of interest law by a senior counselor to the Secretary. The alleged conflicts of interest involved chiefly the employee's participation in the Department's higher education rules involving Gainful Employment and Borrower Defense. The OIG investigation did not substantiate the allegations.

Table 10. Peer Review Results

Description
No peer review reports were issued during this reporting period. As noted in Semiannual Report to Congress No. 78, two external peer reviews of OIG operations were completed during that reporting period, one on our investigation services function and the other on our inspection and evaluation function. On our investigation services review, we received a rating of pass with no outstanding recommendations from prior peer reviews. Our inspections and evaluations function was found to have generally met seven Blue Book standards and offered several recommendations to improve this function. We agreed to implement all of the recommendations to improve our processes.

Table 11. Other Reporting Requirements

Requirement	Results
Significant Problems, Abuses, or Deficiencies Related to the Administration of Programs and Operations	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
Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) where the Allegations of Misconduct were Substantiated	Nothing to Report
Contract-Related Audit Products with Significant Findings	Nothing to Report

Acronyms and Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
Department	U.S. Department of Education
FAFSA	Free Application for Federal Student Aid
FISMA	Federal Information Security Modernization Act of 2014
FITARA	Federal Information Technology Acquisition Reform Act of 2014
FOIA	Freedom of Information Act
FSA	Federal Student Aid
FY	fiscal year
OIG	Office of Inspector General
OPE	Office of Postsecondary Education
Puerto Rico DOE	Puerto Rico Department of Education
Restart	Immediate Aid to Restart School Operations Program
Virgin Islands DOE	Virgin Islands Department of Education

FY 2020 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 2020.

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

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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We encourage you to use the automated complaint form on our website; however, you may call toll-free or write the Office of Inspector General.

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Office of Inspector General
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Washington, D.C. 20202

You may make a report anonymously.

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