

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2013 Budget Request

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OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, [~~\$59,933,000~~]\$62,401,000. (*Department of Education Appropriations Act, 2012.*)

OFFICE OF INSPECTOR GENERAL

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2011	2012	2013
Discretionary appropriation			
Appropriation	\$60,053	\$59,933	\$62,401
Across-the-board reduction (P.L. 112-10)	-120		
Across-the-board reduction (P.L. 112-74)		-113	0
Subtotal, appropriation	59,933	59,820	62,401
Recovery Act unobligated balance, start of year	10,813	4,711	0
Recovery Act recovery of prior-year obligations	2	0	0
Unobligated balance expiring	-136	0	0
Recovery Act unobligated balance, end of year	-4,711	0	0
Subtotal, direct obligations	59,797	59,820	62,401
Subtotal, Recovery Act direct obligations	6,103	4,711	0
Total, direct obligations	65,900	64,531	62,401

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Obligations by Object Classification (dollars in thousands)

Object Class	2011	2012	2013
Full-time permanent.....	\$25,625	\$27,048	\$28,404
Full-time permanent, Recovery.....	4,047	1,700	0
Full-time temporary.....	1,323	1,140	739
Full-time temporary, Recovery.....	260	1,700	0
Part-time.....	304	104	106
Part-time, Recovery.....	11		0
Overtime.....	2,053	0	0
Overtime, Recovery.....	124	0	0
Awards.....	555	386	394
Awards, Recovery.....	7	0	0
Compensation subtotal.....	34,309	32,078	29,643
Benefits.....	9,970	9,998	10,384
Benefits, Recovery.....	1,276	850	0
Benefits for former personnel.....	0	278	0
Comp/benefits subtotal.....	45,555	43,204	40,027
Travel.....	1,492	1,496	1,872
Travel, Recovery.....	370	461	0
Transportation of things.....	183	0	0
Rental payments to GSA.....	5,208	5,626	5,929
Communications.....	154	181	183
Postage/fees.....	6	6	6
Subtotal 23.....	5,368	5,813	6,118
Printing and reproduction.....	19	23	24
Advisory and assistance services.....	3,925	975	975
Other services.....	1,330	3,316	3,387
Training/tuition contracts.....	328	750	766
Field readers.....	0	0	0
Goods/services from Federal sources..	1,681	1,810	2,388
Goods/srvcs. from Fed. src, Recovery.	8	0	0
Operations/maint of facilities.....	0	0	0
Operations/maint of equipment.....	149	77	80
IT services/contracts.....	4,397	5,390	5,105
Subtotal 25.....	11,818	12,318	12,701
Supplies.....	196	175	194
IT equipment/software.....	372	430	691
Other equipment.....	231	38	36
Subtotal 31.....	603	468	727
Building alterations.....	296	573	738
Prompt payment interest.....	0	0	0
Subtotal, obligations.....	59,797	59,820	62,401
Subtotal, Recovery obligations.....	6,103	4,711	0
Total, Obligations.....	65,900	64,531	62,401

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Summary of Changes
(dollars in thousands)

2012.....	\$59,820
2013.....	<u>62,401</u>
Net change	+2,581

Increases:	<u>2012 base</u>	<u>Change from base</u>
<u>Built-in:</u>		
Increase in salaries primarily for minor changes in average salaries, a proposed Governmentwide pay raise, and one additional paid day in 2013.	\$28,292	+\$535
Increase in benefits for OIG's share of health, retirement, and other benefits, as well as minor changes in average salaries.	9,998	+240
Increase in interagency agreements for Council of Inspectors General for Integrity and Efficiency (CIGIE).	82	+386
Increase in GSA rental payments due to anticipated rate increases and tax escalations.	5,626	+303
Net increase in central support non-pay charges.	2,006	+207
Net increase in central information technology (IT).	4,870	+31
<u>Program:</u>		
Increase in personnel compensation and benefits for 4 FTE staff (this increase is more than offset by is a decrease of 22 FTE that were supported by ARRA funding in 2012).	0	+567
Increase in travel.	1,496	+376
Increase in non-centralized IT purchases.	413	+254
Increase in building alterations.	573	+165

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Summary of Changes
(dollars in thousands)

	<u>2012 base</u>	<u>Change from base</u>
Increases:		
<u>Program:</u>		
Net changes in other areas.	\$5,368	<u>+\$91</u>
Subtotal, increases		+3,158
Decreases:	<u>2012 base</u>	<u>Change from base</u>
<u>Program:</u>		
Decrease due to completion of 2012 buyouts.	\$278	-\$278
Decrease in information technology contracts for support for IT security operations, computer forensics and data mining experts for the Information Technology Audits and Computer Crimes (ITACCI) group.	670	-181
Decrease in information technology contracts for certification and accreditation due to transfer of the activity to centralized IT.	148	<u>-118</u>
Subtotal, decreases		-577
Net change		+2,581

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Authorizing Legislation
(dollars in thousands)

Activity	2012 Authorized	2012 Estimate	2013 Authorized	2013 Request
Inspector General (DEOA, Section 212)	<u>Indefinite</u>	<u>\$59,820</u>	<u>Indefinite</u>	<u>\$62,401</u>
Total definite authorization				
Total appropriation		59,820		62,401

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Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2004	\$48,137	\$48,137	\$37,661	\$46,624
2005	50,576	47,790	50,576	47,327
2006	49,408	49,000	49,408	48,510
2007	53,145	N/A ¹	N/A ¹	48,802
Transfer (PL 110-05)	0			1,464
2008	53,239	53,239	54,239	50,849
2009	54,539	54,539 ²	54,539 ²	54,539
Recovery Act Supplemental (PL 111-5)	0	0	4,000	14,000
2010	60,053	60,053	60,053 ³	60,053
2011	65,238	60,053 ⁴	65,238	59,933
2012	67,187	59,933 ⁵	59,933 ⁵	59,820
2013	62,401			

¹ This account operated under a full-year continuing resolution (P.L. 110-5). House and Senate Allowance amounts are shown as N/A (Not Available) because neither body passed a separate appropriations bill.

² The levels for the House and Senate allowances reflect action on the regular annual 2009 appropriations bill, which proceeded in the 110th Congress only through the House Subcommittee and the Senate Committee.

³ The level for the Senate allowance reflects Committee action only.

⁴ The level for the House allowance reflects the House-passed full-year continuing resolution.

⁵ The level for the House allowance reflects an introduced bill and the level for the Senate allowances reflects Senate Committee action only.

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Inspector General (DEOA, section 212)

(dollars in thousands)

FY 2011 Authorization: Indefinite

Budget Authority:

	<u>2012</u>	<u>2013</u>	<u>Change</u>
Personnel costs	\$38,954	\$40,027	+\$1,073
Non-Personnel costs	<u>20,866</u>	<u>22,374</u>	<u>+1,508</u>
Total	59,820	62,401	+2,581
FTE ¹	273	277	4

¹In addition to the FTE included here, 22 FTE in 2012 were funded by the American Recovery and Reinvestment Act.

PROGRAM DESCRIPTION

The Office of Inspector General's (OIG) mission is to promote efficiency, effectiveness, and integrity in the Department of Education's programs and operations through independent and objective audits, investigations, inspections and other activities. The role of OIG is to monitor the Department's performance and report to the Congress and to the Secretary on opportunities for improvement and any problems or deficiencies.

OIG has authority to inquire about all program and administrative activities of the Department and related activities of all parties working under contracts, grants, or other arrangements with the Department. OIG staff and contracted auditors both in headquarters and the regional offices make these inquiries.

To carry out its responsibilities, OIG audits and inspects Department programs and operations to determine compliance with applicable laws and regulations, economy and efficiency of operations, and effectiveness in achieving program goals. The Office also investigates allegations of fraud by recipients of program funds and of employee misconduct involving the Department's programs and operations.

In addition, OIG operates both a website, <http://www.ed.gov/misused>, and a hotline (1-800-MISUSED) that anyone may call to report fraud, waste, or abuse involving Department of Education funds or programs or to make suggestions for saving Federal funds and for ways Federal education services could be more effective.

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The American Recovery and Reinvestment Act of 2009 included \$14 million for OIG. Of these funds, OIG spent \$819,000 in 2009, \$2.367 million in 2010, \$6.103 million in 2011 and anticipates spending the remaining \$4.711 million in 2012. The funds will allow OIG to provide oversight through audits, inspections, and investigations of the grants, programs, and projects funded by the Act. In addition, OIG anticipates spending funds from its regular appropriation on further oversight of ARRA activities.

Funding levels for the past 5 fiscal years were:

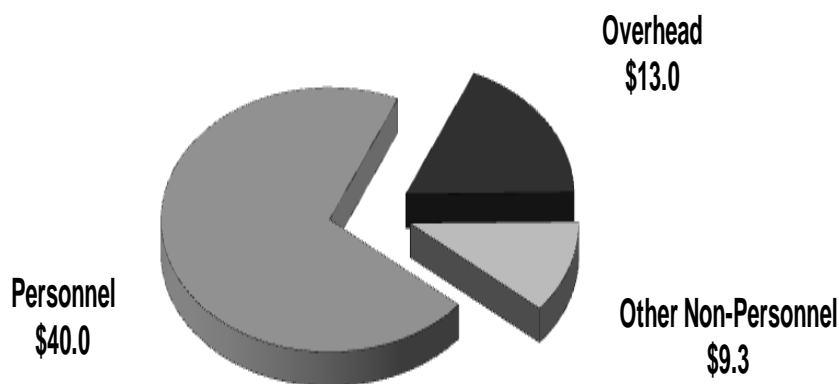
	(dollars in thousands)
2008	\$50,849
2009	54,539
Recovery Act	14,000
2010	60,053
2011 CR	59,933
2012	59,820

FY 2013 BUDGET REQUEST

For the Office of Inspector General in 2013, \$62.4 million and 277 FTE are requested, an increase of \$2.6 million, or over 4.3 percent, over the 2012 level. Over 64 percent of this amount, or \$40.0 million, is for personnel compensation and benefits to support the requested staffing level of 277 FTE. \$22.4 million is for non-personnel costs, of which \$13.0 million, or 21 percent of the total Office of Inspector General request, is for administrative and overhead services, such as rent, postage/fees, telecommunications, payroll processing, and information technology services contracts. The remainder of the non-personnel request, \$9.3 million, or 15 percent, is for non-personnel costs that directly support OIG’s mission, such as travel, training, and the financial statement audit contract. This amount includes \$468 thousand to support the Council of Inspectors General on Integrity and Efficiency (CIGIE). In its request to the Department, OIG requested \$63.8 million and 286 FTE.

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FY 2013 Distribution of Costs
(\$ in millions)



Overhead includes: Rent, telecommunications, interagency agreements and IT services.
Other Non-Personnel includes: Travel, advisory and assistance services, and training, and CIGIE support..

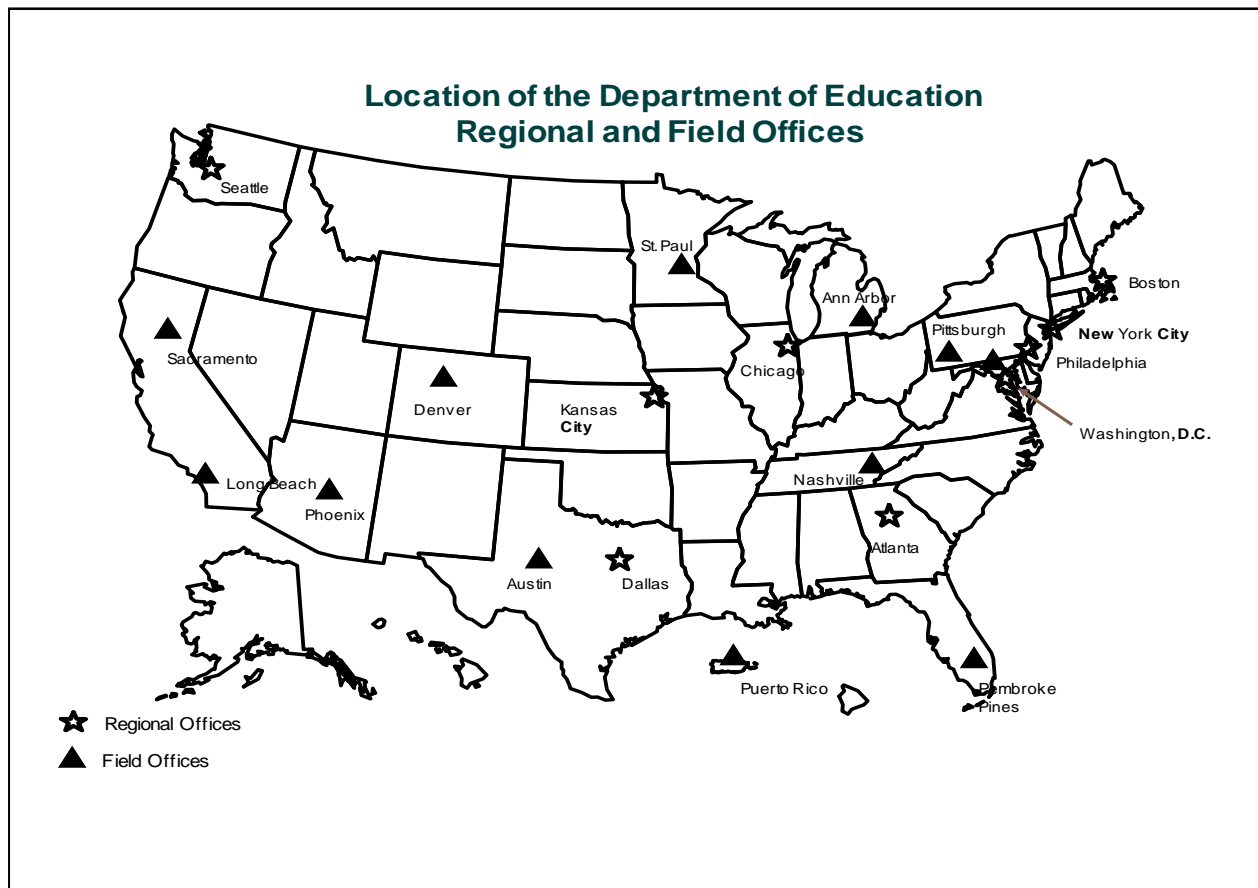
In accordance with Public Law 110-409, the Inspector General certifies that the amount of \$946,995 requested for required training of our staff, including the amount designated in the Department's centralized services and the statutorily required training provided by the Federal Law Enforcement Training Center (FLETC) would satisfy all the OIG's 2013 training requirements.

Kathleen Tighe
Inspector General

OIG operates from 19 regional and field offices, as well as headquarters. 183 FTE, or 66 percent of OIG's staff, will be assigned to regional offices, field offices, and flexiplace locations in New York, Boston, San Juan, Puerto Rico, Philadelphia, Washington, D.C., Atlanta, Chicago, Ann Arbor, Nashville, St. Paul, Dallas, Denver, Austin, Kansas City, Sacramento, Long

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Beach, Pittsburgh, Phoenix, and Pembroke Pines, Florida. The remaining 94 employees will be located in the Washington, DC headquarters office.



FY 2013 Priorities and Goals

As a result of major programmatic changes brought about by such legislation as the American Recovery and Reinvestment Act of 2009 (Recovery Act), the Education Jobs Fund of 2010, and the Health Care and Education Reconciliation Act of 2010 (Reconciliation Act), the Department of Education (Department) has coordinated more programs and disbursed more funds in a more expedited manner than ever before, which has led to increased vulnerabilities of fraud, waste and abuse in Federal education programs and operations. These changes have required increased use of Office of Inspector General (OIG) resources to help ensure that vital Federal education programs and funds are operating effectively, reaching the intended recipients, and achieving the desired results.

The scope of OIG planned work in 2013 will cover multiple, diverse, and evolving programs. For example, the Reconciliation Act made significant changes to the Federal student aid programs—programs that are very large, complex, and involve hundreds of billions of taxpayer dollars. In 2012 and 2013, OIG anticipates conducting needed reviews of FSA's oversight of the contractors involved in the multi-billion dollar Direct Loan program and assessing the impact and effectiveness of the change in loan origination. With the 2011 regulatory changes

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impacting postsecondary institutions' participation in the Federal student aid programs, OIG's shrinking resources will be significantly stretched in 2013 to conduct the much-needed work to assess these time-sensitive and highly visible market-sensitive efforts and ensure institutions' compliance with the regulatory changes.

In addition, OIG investigative work will continue to expand tremendously, evidenced by the increasingly numerous instances of fraud and vulnerabilities involving distance education programs, charter schools, and corruption in local school districts. The OIG inventory of distance education fraud investigations has grown by 769 percent since 2005 and currently constitutes about 20 percent of all OIG criminal investigations. Investigations of charter schools represent approximately 6 percent of the inventory and investigations of public school officials approximately 14 percent. Most OIG investigations are resource intensive and involve dozens of subjects who are geographically dispersed.

Other areas that require OIG to devote annual resources to statutory and regulatory work include: annual audits of the Department, Federal Student Aid (FSA), and Special Purpose financial statements, as well as annual audits and other reviews under the Federal Information Security Management Act (FISMA), Improper Payments Information Act, and Executive Order 13520 on Reducing Improper Payments. The OIG must continue to assess and report Department efforts to identify, address, and mitigate improper payments and provide oversight of work performed by non-Federal auditors, including single audits and compliance audits of the recipients of Department funds. Further, OIG must work with the Department and Office of Management and Budget (OMB) to develop new audit guidance to update the A-133 Single Audit Compliance Supplement to address changes to the laws. The Compliance Supplement provides to State, local and independent auditors vital information to help provide the Department with assurance that recipients of Federal education funds comply with laws, regulations, and other requirements that are material to Federal awards.

The prospect of conducting all of the work necessary to provide required assurances and to prevent waste, fraud, and abuse, coupled with the reduction in ARRA-related FTE (due to ARRA funding expiration) and limited resources available for OIG operations in 2012 and 2013 presents a daunting task. However, in recognizing the economic challenges and the potential long-term effects of the fiscal challenges that the Government currently faces, OIG has critically evaluated its needs and determined what efforts it can make to minimize its budget while meeting the minimum statutory mission requirements and operational needs. To achieve the 2012 reduction of ARRA-related staff, OIG used various methods including the management of attrition, and early retirement and buyout options.

The OIG's strategic goals are:

- Goal 1: Improve the Department's ability to effectively and efficiently implement its programs to promote educational excellence and opportunity for all students.
- Goal 2: Strengthen the Department's efforts to improve the delivery of student financial assistance.
- Goal 3: Protect the integrity of the Department's programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse.

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- Goal 4: Contribute to improvements in the Department's business operations.
- Goal 5: Strive for a diverse and skilled workforce that is provided with the means and assistance necessary to achieve OIG's mission with excellence, accountability, and integrity.

OIG will meet these goals by selecting and examining through audits, investigations, inspections, human capital planning, and other activities the most important areas on which to focus its resources. These activities will identify problems, deficiencies, or opportunities for improvement and will communicate the results to the people who need the information and who will monitor the results of the work to ensure issues are addressed. The 2013 OIG Work Plan will address the same strategic goals.

Personnel Costs

The budget request of \$40.027 million for personnel compensation and benefits is an increase of \$1.073 million from the 2012 estimate. This is a net amount, reflecting an increase of \$567,000 for 4 additional staff, an increase \$784,000 for changes in average salaries and health, retirement and other benefits, and a \$278,000 reduction in early retirement and buyout costs.

Overtime

The request also covers the special law enforcement availability pay rates (required by the Treasury, Postal Service and General Government Appropriations Act, 1995) to be paid to investigators who are required to be accessible during hours that are not part of the regular work week. For the budget request, the special law enforcement pay is included in the regular personal compensation amount.

Staffing – Full-Time Equivalent Employment (FTE)

FTE Funding Source	2012	2013	Change
OIG	273	277	+4
ARRA	22	0	-22
Total FTE	295	277	-18

The OIG's 277 FTE, an increase of 4 FTE from the 2012 level, (but a decrease of 18 FTE from the OIG and ARRA combined 2012 estimated staff level) will support audit, investigation, and inspection activities, as well as information technology (IT) audits, and identity theft and computer crime investigations (cyber security) for all Department programs. This is a minimal staff to oversee the Department's proposed budget for 2013 of almost \$70 billion. The Department is responsible for overseeing a student loan portfolio of almost \$821 billion in outstanding loans – representing over 126 million student loans to more than 13.4 million borrowers estimated in fiscal year 2013 alone.

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OIG plans to achieve staff reductions due to expiration of ARRA funding in 2012 through attrition, flexible limits on hiring, realigning operational functions, and buyouts. The benefits for former personnel are expected to cost \$278 thousand in 2012, with no costs in 2013.

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Audit Priorities

In 2013, OIG will focus its audit efforts on Federal student assistance programs; elementary, secondary, and special education programs; as well as, high priority departmental operations. Specifically, audit coverage will include the following areas:

- Federal Student Assistance Programs
 - Program Integrity Regulations — assess FSA's oversight of and schools' compliance with recent changes to requirements for incentive compensation and misrepresentation.
 - Gainful Employment — determine whether FSA has sufficient mechanisms in place to collect, analyze, and verify the accuracy of gainful employment data reported by schools.
 - Definition of a Credit Hour — evaluate the adequacy of accrediting agencies' procedures to ensure compliance with the new definition of a credit hour.
 - Disability Discharges — identify the problems that borrowers with disabilities face in pursuing total and permanent disability discharges and assess FSA's efforts to remedy them.
 - Student Outcomes — survey former students to identify the outcomes of their receipt of Federal student financial aid by determining whether students completed the programs for which they received funds, achieved placement in positions related to their education, and noted the impact of their education on their incomes.
- Elementary, Secondary, and Special Education Programs
 - Monitoring of Grantees — conduct work in large school districts to ensure that the millions of dollars the districts received were accounted for and used properly for educational services.
 - Charter Schools — conduct audits and inspections on emerging issues related to the management of charter schools since they have become an increasingly popular alternative to traditional public schools.
 - Individuals with Disabilities Education Act (IDEA) — perform work on Grants to States for the Education of Children with Disabilities Program, on the provision of equitable services for children with disabilities placed in private schools, and on the maintenance of effort requirements under IDEA.
- Departmental Operations
 - Monitoring of Contracts and Contractors — The Department uses a large number of contracts and contractors to support its programs and operations. As of March 2011, the Department had 360 active contracts valued at more than \$100,000

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with a combined value of \$5.3 billion. OIG plans to conduct multiple audits of the Department's management of its EDUCATE IT contract, including continued reviews of contractor performance.

- Implementation of the GPRA Modernization Act of 2010 — determine whether the Department is meeting the requirements of the new GPRA Modernization Act, to include identification of priority goals, milestones and performance indicators, and establishment of a process for ensuring the validity and reliability of data.

In 2013, Audits Services will also continue to review programmatic issues relevant to the Department, such as:

- Race to the Top (RTT) Program — OIG will continue to review selected local educational agencies (LEAs)' use of more than \$4 billion in RTT funds, including evaluating that the Department's monitoring of the use of allocated funds is consistent with approved applications/plans, measuring progress in meeting RTT objectives, and determining the extent to which objectives were achieved.
- End of Recovery Act Program Spending — The unprecedented infusion of funds for existing and new programs provided by the Recovery Act heightens the risk that recipients will use the funds for unnecessary or wasteful activities and purchases rather than allowing the unused funding to expire at the end of the period of availability. OIG will review selected State educational agencies (SEAs) and LEA spending practices during the final months of the period of availability for selected Recovery Act programs to determine whether SEAs and LEAs (1) used funds appropriately, (2) appropriately returned unspent funds, and (3) properly reported on the end-of-grant activity.
- Lessons Learned from Recovery Act Implementation — As most Recovery Act programs will be either winding down or completed by the end of 2012, OIG plans to review its body of work from the past several years to provide recommendations for potential future similar programs.

Investigation Priorities

At the planned staffing level, OIG will continue to conduct investigations that focus on a steadily increasing Recovery Act case load and on institutions (lenders, guaranty agencies, servers, and schools, including for-profit schools) participating in the student financial assistance programs. In addition, OIG will investigate allegations of fraud and corruption in State agencies and local school districts, including charter schools.

As of June 2011, OIG had opened 112 Recovery Act related investigations, which represents 22 percent of all open OIG investigations. OIG anticipates that Recovery Act related investigations will continue past the 2012 sunset of Recovery Act funding because the statute of limitations for criminal offenses is generally 5 years. In addition, OIG whistleblower reprisal investigations under the Recovery Act could continue into 2013 if the OIG receives complaints late in 2012, even though the OIG will not have Recovery Act funding to support those investigations.

In 2013, OIG anticipates focusing on the following areas:

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- Distance Education — continue to conduct criminal and civil investigations involving fraud resulting from the vulnerabilities associated with the delivery of distance education. OIG's inventory of investigations in this area grew by 527 percent from 2008 to June 2011. Many of these investigations involve dozens of subjects who are widely geographically dispersed.
- Postsecondary Institutions — continue to conduct criminal and civil investigations of postsecondary schools (i.e., for-profit, public, and private non-profit institutions), as well as other entities that participate in Federal student assistance programs. As of June 2011, OIG had 119 ongoing investigations of postsecondary institutions, representing about 20 percent of OIG's investigative inventory. OIG also resolved 55 additional allegations that did not result in full investigations being opened. The investigations of postsecondary institutions are extremely complex, time consuming, and resource intensive.
- Charter Schools — continue to conduct criminal and civil investigations of fraud in charter schools. Since 2008, OIG has opened 47 extremely complex, time consuming, and resource intensive charter school investigations. During the same time period, OIG received an additional 34 allegations that did not result in full investigations being opened but still required investigative resources to resolve.
- School District Corruption — continue to focus significant resources on allegations of bribery and theft involving local public school district officials, to include elected school board members, school district superintendents, and others. From 2008 to June 2011, OIG had 140 investigations of local school district issues, which to date have resulted in 91 indictments. OIG also expended investigative resources to resolve an additional 112 allegations that did not result in full investigations.
- Recovery Act Fraud — continue conducting criminal and civil investigations of theft and corruption involving Recovery Act funds. These are cross-cutting investigations that involve some of the largest Department programs, including ESEA Title 1, IDEA, Vocational Rehabilitation and Pell Grants.

IT Audits and Cyber Crime Priorities

OIG's planned staffing level will allow it to provide the level of expertise needed in IT to conduct audits of the Department's systems and operations, investigate cyber crime, and provide support for investigative activities. Dedicated to this task, OIG has auditors, investigators, and information technology specialists who provide an integrated approach to a wide range of IT-related issues and focus on computer intrusion, compliance with FISMA, and data mining. As part of its data mining efforts, OIG will continue to focus on the detection and identification of illegal electronic financial transactions, including unauthorized repayment requests or improper payments, unauthorized changes in bank routing numbers, ineligible program participants, and program abuse or fraud. OIG will also investigate network intrusions, and look for systemic IT problems as new computer threat techniques and weaknesses continue to evolve.

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OIG's FISMA efforts will include assessing the Department's compliance with FISMA information security provisions and related information security standards in accordance with the OMB reporting guidelines. OIG will also evaluate the effectiveness of general and technical IT security controls of the Department's mission-critical and support systems. In addition, OIG will continue to evaluate the Department's overall information security plans, programs, and practices.

In addition, OIG will continue to play a primary role in the Department's computer incident response capability by responding to and investigating destructive network intrusion incidents, securing and preserving electronic evidence, performing forensic analysis on attacked systems, and determining the extent of damage to the Department's systems, users' identity, or destruction of data.

Non-Personnel Costs

The OIG request includes \$22.374 million for non-personnel costs, an increase of \$1.508 million over the 2012 estimate. Of the total, \$13.043 million is for departmental centralized services (overhead expenses), including the EDUCATE contract (Education Department Utility for Communications, Applications and Technical Environment) and \$9.331 million is for other non-personnel costs. The requested resources will allow OIG to have an effective program for identifying improvements in Department programs and operations and for investigating significant instances of fraud, waste, and abuse.

Centralized Services

OIG's request of \$13.043 million for overhead, an increase of \$541,000 over the 2012 estimate, will cover a variety of costs. The major items included in overhead costs are: rent; interagency agreements for services such as payroll processing, guard services, and background security investigations; communications; and IT services and contracts. The communications and IT amounts will be used primarily for the EDUCATE contract, which covers telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent and the EDUCATE contract use 73 percent of the centralized services resources.

Centralized Services (dollars in thousands)

Item	2012	2013	Difference
Rent	\$5,626	\$5,929	\$303
IT and telecommunications services and contracts	4,870	4,901	31
Interagency agreements	1,197	1,342	145
Other	809	871	62
Non-Pay Centralized Services	\$12,502	\$13,043	\$541

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Other Non-Personnel Costs

Travel

OIG is requesting \$1.872 million in travel funds, \$376,000 more than the 2012 estimate. The increase covers travel expenses for the requested level of auditors, investigators, and other specialists, as well as anticipated increases in the overall costs of travelling, such as increases for fuel surcharges and airline fees. The ability to travel is critical to OIG's ability to perform audit and investigative work. At this funding level, OIG will be able to conduct essential nationwide audits and investigations, inspections, and other related work. Most OIG audit and investigative work involves travel to SEAs, LEAs, schools, guaranty agencies, other grantees, or single beneficiaries that are recipients of Federal education funds. Since many schools, guaranty agencies, other grantees, or single beneficiary cases are not located in the cities where OIG has staff, it is necessary for OIG audit and investigations staff to travel to the work site to ensure the financial integrity of the Department's programs.

Other Services

- Audit of Departmentwide Financial Statements - In order to fulfill its statutory audit responsibilities, assist the Department in obtaining an unqualified opinion on its financial statements, and support the Department's strategic objective of developing and maintaining financial integrity and management and internal controls, OIG is requesting \$2.076 million, the same as the 2012 estimate, to contract for the audit of the Departmentwide fiscal year 2013 financial statements. In addition to these amounts, \$725,000 is included in the Student Aid Administration budget request for additional work under the contract. As required by the Government Management Reform Act (GMRA) of 1994, the OIG will oversee the conduct of the audit of financial statements, including Federal Student Aid (FSA) statements, by an independent CPA firm. The audit will result in reports on the Departmentwide financial statements, including FSA, FSA's financial statements, the special purpose financial statements, and Federal intergovernmental balances. The scope of the audits will include the examination and analysis of account balances, review of applicable financial systems, and evaluation of internal controls and compliance with significant laws and regulations. Audit results will include an assessment of the fair presentation of the financial statements, recommendations for improving financial accountability and stewardship, and identification of areas requiring further review.
- Systems Security Audits - OIG is requesting \$975,000 in advisory and assistance services for systems security audits, the same as the 2012 estimate. This level of funding will allow OIG to maintain its IT security reviews of systems audits of contractor-owned, contractor-operated systems. Reviews of systems development life cycles, enterprise architecture, and IT project management would also be covered. This level would also support the 2012 level for computer forensic analysis.

Training

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Training for OIG auditors, investigators, inspectors, and business operations staff is reflected in three separate sections in the 2013 budget request—other non-personnel costs, departmental centralized services, and interagency agreements. Under the other non-personnel section, OIG is requesting \$600,000 for OIG-specific staff training, an increase of \$11,000 over the 2012 estimate. Within the departmental centralized services section, OIG requests \$166,000 in support of Department training operations, an increase of \$5,000 above the 2012 estimate. In addition, within the interagency agreements section, OIG requests \$181,000 to cover Federal Law Enforcement Training Center (FLETC) costs for OIG investigations staff, which is the same as the 2012 estimate. The total training request for 2013 is \$947,000, an increase of \$16,000 above the 2012 estimate.

OIG routinely examines the skills and knowledge needed by its entire staff and develops individual training plans to address identified skill gaps. Based upon its succession and leadership plans, OIG requires training funds to build the skills within its workforce to address future management and leadership requirements. In addition, OIG auditors and investigators must fulfill extensive professional and statutorily required training requirements. Such courses given by professional organizations can be expensive. The 2012 request will cover the full costs of review courses and examinations to obtain professional certifications, such as Certified Public Accountant, Certified Information Systems Auditor, and Certified Government Financial Manager. It will also cover the costs to send new and experienced OIG investigations staff to FLETC for mandatory introductory and refresher training.

In addition, OIG has broad-based IT skill development requirements, primarily due to the crosscutting nature of the IT environment encountered within the Department. As new IT technologies emerge, training becomes even more critical to maintain up-to-date skills and knowledge. New computer threat techniques and weaknesses continually evolve and IT personnel must remain diligent in maintaining expert knowledge of all IT technologies.

IT Services/Contracts

OIG is requesting a decrease of \$269,000, to \$549,000, to support the OIG Data Analytics System (ODAS), software maintenance agreements, software license renewals and systems development and support not covered by centralized funding for the Information Technology Audits and Computer Crime Investigations (ITACCI) staff. Decreases of \$118,000 from IT certification and accreditation and \$181,000 from ITACCI systems development and support more than offset a \$30,000 increase for ODAS.

IT Equipment/Software

OIG is requesting \$667,000, an increase of \$254,000 to support software maintenance agreements, software license renewals and IT equipment purchases not covered by centralized funding. In addition, \$4.901 million is requested for centralized IT services and telecommunications, an increase of \$31,000 above the 2012 revised request. The combined central and non-central IT request for 2013 is \$6.117 million.

Other Goods and Services from Federal Sources

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OIG's request includes \$468,000, an increase of \$386,000 from 2012, for the Council of Inspectors General on Integrity and Efficiency (CIGIE). Miscellaneous interagency agreements, for a variety of services provided by other Federal sources, remain the same in 2013 at \$230,000.

Building Alterations

OIG's request includes \$738,000, an increase of \$165,000, in non-centralized building alterations costs. This amount will provide for miscellaneous facilities projects, such as reconfiguring space by expanding or dividing offices, changing door locks, improving lighting, and other costs associated with improving the work environment.

Other Items

There are also increases and decreases from the 2012 estimate in following items:

- Communications - \$159,000, an increase of \$3,000
- Printing - \$24,000, an increase of \$1,000
- Contracts for other services - \$676,000, an increase of \$30,000
- Operation and maintenance of equipment - \$80,000, an increase of \$3,000
- Supplies - \$181,000, an increase of \$9,000
- Other equipment - \$36,000, a decrease of \$2,000

PROGRAM OUTPUT MEASURES

<u>Measures</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Reports and other products issued by OIG auditors	35	30	30
Quality control reviews on non-Federal audits	50	50	50
Financial statements audited	3	3	3
Criminal investigations completed	150	155	135
Complaints referred	3,200	2,500	2,000
Hotline allegations processed	6,100	5,500	4,500
Inspections and other reports	5	5	5

Note: The OIG Hotline revised its internal procedures in 2011, which will reduce the output for 2012 and 2013 by reducing duplicative and frivolous complaints and correspondence.

PROGRAM PERFORMANCE INFORMATION

Specific results from audits, inspections, and investigations are summarized twice yearly in the OIG Semiannual Report to Congress. All OIG reports, including full audit, inspection, and investigation reports, are available on OIG's website, <http://www.ed.gov/about/offices/list/OIG/index.html>.

In 2011, OIG established the strategic goals and objectives shown below. Performance measures are reviewed annually and revised as necessary. The actual data shown below is

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from the 2011 Budget Service Program Performance Report, and data quality validation is performed internally.

OIG Strategic Goals:

Goal: Goal Description:

- Goal 1: Improve the Department's ability to effectively and efficiently implement its programs to promote educational excellence and opportunity for all students.
- Goal 2: Strengthen the Department's efforts to improve the delivery of student financial assistance.
- Goal 3: Protect the integrity of the Department's programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse.
- Goal 4: Contribute to improvements in Department business operations.
- Goal 5: Strive for a diverse and skilled workforce that is provided with the means and assistance necessary to achieve OIG's mission with excellence, accountability, and integrity.

OIG performance measures:

Objective 1 of 2: *(a) Conduct audits, inspections/evaluations, investigations, and other reviews and provide services in order to evaluate program results; examine allegations of waste, fraud, and abuse; review internal controls; provide technical assistance; identify systemic weaknesses; highlight best practices; and make recommendations for improvement in programs and operations; (b) continuously assess risk in order to concentrate OIG resources and efforts on issues that have the greatest impact and usefulness to the stakeholders with emphasis on maximizing the recovery of public resources and deterring future wrongdoing; (c) develop analytical tools to proactively identify vulnerabilities, propose protective actions, and measure the effectiveness of such actions; (d) provide outreach to increase awareness of the role of the OIG and educate both Department employees and external customers on how to recognize fraud, waste, and abuse, and the mechanisms available for reporting concerns; and (e) communicate the results of our work to stakeholders by providing timely, relevant, and high impact OIG products that result in improvements in program performance and enforcement.*

Measure: Audits, inspections, and investigations initiated each year by Audit Services, Investigation Services (IS), Information Technology and Computer Crime Investigations (ITACCI) (investigations only) and Evaluation, Inspection and Management Services (EIMS) that focus on areas of high risk or significant importance.

Year	Target Percent	Actual Percent
2011	70	87.2

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Audits initiated each year by Audit Services that focus on areas of high risk or significant importance.

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Year	Target Percent	Actual Percent
2012	85	
2013	85	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Inspections initiated each year by Evaluation, Inspection, and Management Services that focus on areas of high risk or significant importance.

Year	Target Percent	Actual Percent
2012	70	
2013	70	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Investigations initiated each year by Investigation Services and Information Technology and Computer Crime Investigations that focus on areas of high risk or significant importance.

Year	Target Percent	Actual Percent
2012	75	
2013	75	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Audits initiated each year by ITACCI that focus on areas of high risk or significant importance.

Year	Target Percent	Actual Percent
2011	85	100
2012	85	
2013	85	

Measure: Recommendations accepted by the Department during the fiscal year.

Year	Target Percent	Actual Percent
2011	85	93.2

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: EIMS and ITACCI recommendations accepted by the Department during the fiscal year.

Year	Target Percent	Actual Percent
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Year	Target Percent	Actual Percent
2012	85	
2013	85	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Audit Services recommendations accepted by the Department during the fiscal year.

Year	Target Percent	Actual Percent
2012	90	
2013	90	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Audit initial results determined by Audit Services by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	70	100
2012	75	
2013	75	

Measure: Inspections initial results determined by Evaluation, Inspection and Management Services by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	80	100
2012	80	
2013	80	

Measure: Audit initial results determined by Information Technology Audits and Computer Crime Investigations by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	70	87.5
2012	70	
2013	70	

Measure: Audit field work completed and draft report submitted by Audit Services for review by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	70	92.6
2012	80	

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Year	Target Percent	Actual Percent
2013	80	

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Measure: Inspection field work completed and draft report submitted by Evaluation, Inspection and Management Services for review by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	80	0
2012	80	
2013	80	

Measure: Audit field work completed and draft report submitted by Information Technology Audits and Computer Crime Investigations for review by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	70	75
2012	70	
2013	70	

Measure: Draft and final audit and inspection reports issued by the agreed-upon date.

Year	Target Percent	Actual Percent
2011	70	74.6

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: Audit Services and Evaluation, Inspection and Management Services draft and final audit and inspection reports issued by the agreed-upon date.

Year	Target Percent	Actual Percent
2012	70	
2013	70	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

Measure: ITACCI draft and final audit issued by the agreed-upon date.

Year	Target Percent	Actual Percent
2012	65	
2013	65	

Additional Information: Separate measures have been developed for each operational area in 2012 and 2013.

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Measure: Case closing Reports of Investigations submitted within 90 days of last reportable investigative action for 2011, or within 150 days for 2012 and 2013.

Year	Target Percent	Actual Percent
2011	75	54.4
2012	70	
2013	70	

Measure: Complaints of fraud, waste, and abuse evaluated and closed with a final disposition within 90 days.

Year	Target Percent	Actual Percent
2011	70	78
2012	70	
2013	70	

Measure: Closed investigations that resulted in a criminal, civil or administrative action, or monetary result.

Year	Target Percent	Actual Percent
2011	65	71.4
2012	65	
2013	65	

Measure: Proactive analytical projects that resulted in a criminal or other referral or identification of a vulnerability.

Year	Target Percent	Actual Percent
2011	65	100

This measure has been revised (see next measure) for 2012 and 2013.

Measure: Development milestones for proactive analytical projects developed to identify adverse trends and / or possible fraud, waste, and abuse if Department programs and operations are met by agreed-upon dates.

Year	Target Percent	Actual Percent
2012	70	
2013	70	

Additional Information: This is a new measure in 2012.

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Measure: Comments that resulted in changes in legislation, regulations, or other policies.

Year	Target Percent	Actual Percent
2011	60	72.2
2012	60	
2013	60	

Objective 2 of 2: (a) Hire, develop, and retain a highly qualified, diverse workforce with the skills, to meet current and emerging mission requirements; (b) provide employees with the physical work space; technology, equipment, and other resources necessary to support accomplishment of the goals of the OIG; (c) foster an environment of open communication, respect for ideals, and understanding of the value of each individual's contribution to promote employee satisfaction and motivation; and (d) support the integrity of OIG operations by maintaining an effective quality assurance and internal review program.

Measure: Counsel work products meeting required or agreed-upon deadlines.

Year	Target Percent	Actual Percent
2011	80	91.1
2012	80	
2013	80	

Measure: Freedom of Information Act responses meeting required deadlines.

Year	Target	Actual
2011	97	97.6
2012	97	
2013	97	

Measure: Requests for forensic or analytical assistance completed within 75 days.

Year	Target	Actual
2011	65	86.9
2012	65	
2013	65	

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Measure: Computer-assisted assessment technology products delivered to the requestor within agreed-upon dates.

Year	Target	Actual
2011	90	98.2
2012	90	
2013	90	

Measure: Budget products developed and delivered to OMB, Department, OIG leadership, and other applicable stakeholders within agreed upon timeframes.

Year	Target	Actual
2011	80	100
2012	80	
2013	80	

Measure: Report to appropriate stakeholders on Recovery Act activities and funding within established timeframes.

Year	Target Percent	Actual Percent
2011	90	100
2012	90	
2013	90	

Measure: Quality Assurance Reviews and Internal Control Review recommendations are accepted by the OIG.

Year	Target Percent	Actual Percent
2012	70	
2013	70	

Additional Information: This is a new measure in 2012.

Measure: OIG Data Analytics Systems are operational during normal work hours.

Year	Target Percent	Actual Percent
2011	95	91.4
2012	90	
2013	90	

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Measure: Operational staff take at least one work-related training.

Year	Target Percent	Actual Percent
2011	70	100
2012	70	
2013	70	

Measure: Increase professional certifications/advanced degrees held by staff.

Year	Target Percent	Actual Percent
2011	5	5.9

Additional Information: This measure has been revised (see next measure) for 2012 and 2013.

Measure: Measure percent of staff that have at least on professional certification or advanced degree.

Year	Target Percent	Actual Percent
2012	60	
2013	60	

Additional Information: This is a new measure in 2012.