

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2015 Budget Request

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OFFICE OF INSPECTOR GENERAL

For expenses necessary for the Office of Inspector General, as authorized by section 212 of the Department of Education Organization Act, [\$57,791,000] \$59,181,000. (*Department of Education Appropriations Act, 2014*)

OFFICE OF INSPECTOR GENERAL

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2013	2014	2015
Discretionary appropriation:			
Appropriation	\$59,820	\$57,791	\$59,181
Across-the-board rescission (P.L. 113-6)	-120	0	0
Subtotal, appropriation	59,700	57,791	59,181
Sequester (P.L. 112-25)	-3,009	0	0
Transfer from Student Aid Administration (P.L. 112-74 and P.L. 113-6)	1,100	0	0
Subtotal, adjusted discretionary appropriation	57,791	57,791	59,181
Unobligated balance expiring	-141	0	0
Subtotal, direct obligations	57,650	57,791	59,181
Total, direct obligations	57,650	57,791	59,181

OFFICE OF INSPECTOR GENERAL

Obligations by Object Classification
(dollars in thousands)

Object Class	2013	2014	2015
11.10 Full-time permanent	27,439	27,541	27,515
11.31 Full-time temporary	360	1,620	1,632
11.32 Part-time	210	116	117
11.51 Overtime	2,035	0	0
11.52 Awards	296	316	316
Compensation subtotal	30,340	29,593	29,580
12.00 Benefits	10,552	10,460	10,958
13.00 Benefits for former personnel	0	175	0
Comp/benefits subtotal	40,892	40,228	40,538
21.00 Travel	876	1,809	1,686
22.00 Transportation of things	0	75	75
23.10 Rental payments to GSA	5,327	5,395	5,648
23.31 Communications	191	163	169
23.32 Postage/fees	1	39	36
Subtotal 23	5,519	5,597	5,853
24.00 Printing and reproduction	1	1	1
25.10 Advisory and assistance services	630	627	645
25.21 Other services	2,071	1,977	2,066
25.22 Training/tuition contracts	171	450	438
25.23 Field readers	0	0	0
25.30 Goods/services from Federal sources	1,220	1,648	2,034
25.40 Operations/maint of facilities	0	0	0
25.70 Operations/maint of equipment	29	3	3
25.72 IT services/contracts	5,520	4,325	4,372
Subtotal 25	9,641	9,030	9,558
26.00 Supplies	148	136	130
31.10 IT equipment/software	353	380	568
31.30 Other equipment	194	28	29
Subtotal 31	547	408	597
32.00 Building alterations	26	507	743
43.10 Prompt payment interest	0	0	0
Total, Obligations	57,650	57,791	59,181

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Summary of Changes
(dollars in thousands)

2014	\$57,791
2015	<u>59,181</u>
Net change	+1,390

Increases:	<u>2014 base</u>	<u>Change from base</u>
<u>Built-in:</u>		
Increase in salaries due to the proposed 1 percent pay raise.	\$29,277	+\$220
Increase in benefits for OIG's share of health, retirement, and other benefits, as well as increased FERS contribution rates starting October 2014.	10,460	+583
Increase in GSA rental payments due to anticipated rate increases and tax escalations.	5,395	+253
<u>Program:</u>		
Increase in goods and services from Federal sources for OIG's share of expenses for the Council of inspectors General on Integrity and Efficiency (CIGIE)	136	+287
Increase in building alterations.	507	+236
Increase in IT acquisition	357	+186
Net increase in central IT	3,867	+100
Increase in cost for audit of the Department's financial statements.	920	+48
Increase in goods and services from Federal sources for miscellaneous agreements	146	+46
Net increase in central support services	1,688	+43
Increase in advisory and assistance services for FISMA audits.	627	+18
Net changes in other areas.	1,668	<u>+12</u>
Subtotal, increases		+2,032

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Summary of Changes
(dollars in thousands)

Decreases:	<u>2014 base</u>	<u>Change from base</u>
<u>Program:</u>		
Decrease in personnel compensation and benefits resulting from a reduction of 2 FTE due to attrition	\$39,737	-\$318
Decrease benefits for former personnel due to completion of buyouts.	175	-175
Decrease in travel	\$1,809	-123
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.	759	-26
Subtotal, decreases		<u>-642</u>
Net change		+1,390

OFFICE OF INSPECTOR GENERAL

Authorizing Legislation
(dollars in thousands)

Activity	2014 Authorized	2014 Estimate	2015 Authorized	2015 Request
Inspector General (DEOA, Section 212)	<u>Indefinite</u>	<u>\$57,791</u>	<u>Indefinite</u>	<u>\$59,181</u>
Total definite authorization	0		0	
Total appropriation		57,791		59,181

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Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2006	\$49,408	\$49,000	\$49,408	\$48,510
2007	53,145	N/A ¹	N/A ¹	48,802
Transfer (P.L. 110-5)	0	0	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 (P.L. 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 ³	59,933 ⁵
2012	67,187	59,933 ⁶	59,933 ⁶	59,820
2013	62,401	59,820 ⁷	59,820 ⁷	56,691 ⁸
Transfer (P.L. 113-6)	0	0	0	1,100
2014	62,347	N/A ⁸	59,700 ³	57,791
2015	59,181			

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 appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

⁶ The level for the House allowance reflects an introduced bill and the level for the Senate allowance reflects Senate Committee action only.

⁷ The level for the House and Senate allowances reflect action on the regular 2013 appropriations bill, which proceeded in the 112th Congress only through the House Subcommittee and the Senate Committee.

⁸ The House allowance is shown as N/A because there was no Subcommittee action.

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Inspector General (DEOA, section 212)

(dollars in thousands)

FY 2015 Authorization: Indefinite

Budget Authority:

	<u>2014</u>	<u>2015</u>	<u>Change from 2014</u>
Personnel costs	\$40,228	\$40,538	+\$310
Non-Personnel costs	<u>17,563</u>	<u>18,643</u>	<u>+1,080</u>
Total	57,791	59,181	+1,390
FTE	253	251	-2

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.

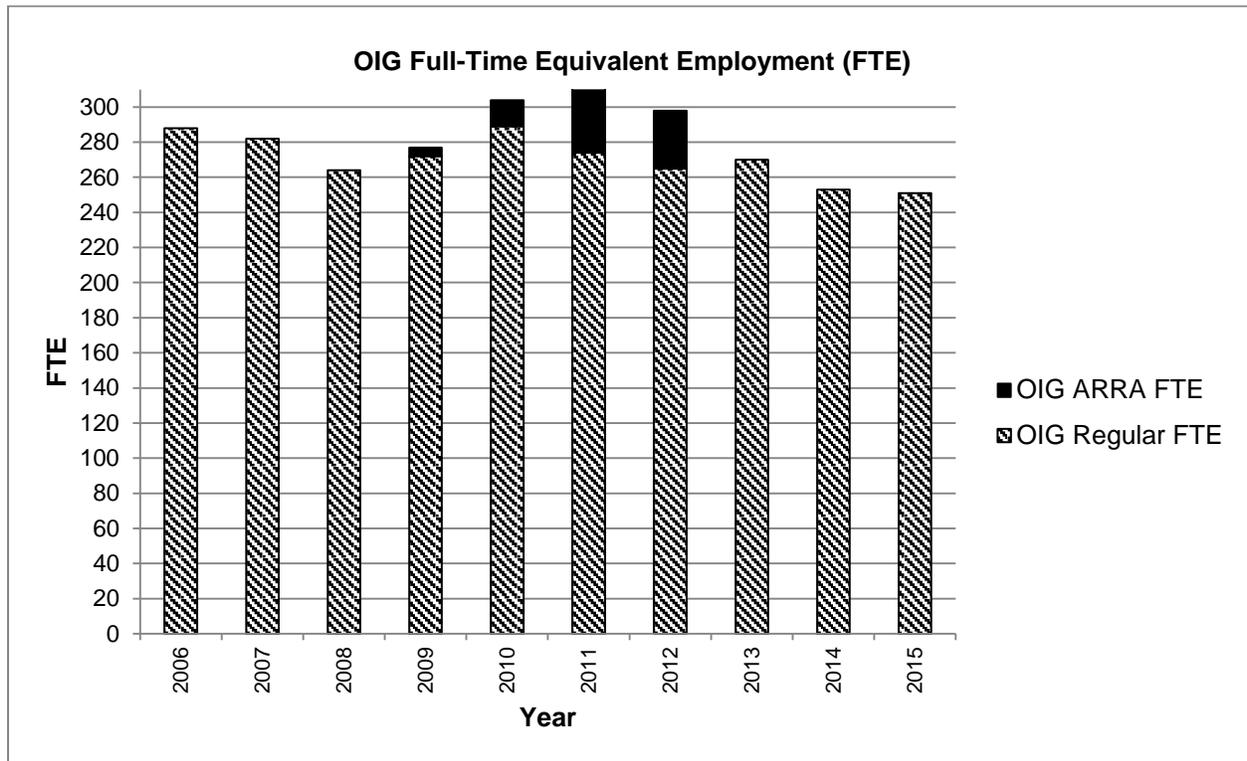
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Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2010	\$60,053
2011	59,933
2012	59,820
2013	57,791
2014	57,791

FY 2015 BUDGET REQUEST

The OIG requests \$59.181 million and 251 full time equivalents (FTE) for FY 2015, an increase of \$1.390 million over the FY 2014 appropriation. A 10-year history of the OIG's staffing is shown in the following chart:



Almost 69 percent of the requested amount, or \$40.538 million, is for personnel compensation and benefits to support the requested staffing level of 251 FTE. The remaining \$18.643 million is for non-personnel costs, of which \$11.346 million, or 19 percent of the total OIG request, is for administrative and overhead services, such as rent, telecommunications, payroll processing, and information technology services contracts. The remainder of the non-personnel request, \$7.297 million, or 12 percent, is for non-personnel costs that directly support the OIG's mission, such as travel, training, and the financial statement audit contract. This amount includes a payment of \$423,000 to help fund the Council of the Inspectors General on Integrity and Efficiency (CIGIE), in accordance with 5 U.S.C. app. 3 § 11(c)(1).

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The scope of OIG planned work in FY 2015 will cover multiple, diverse, and evolving programs. The OIG's limited resources will be significantly stretched in order to conduct much-needed work that focuses on high risk programs and operations while meeting statutory obligations. For example, continuing audits of Federal student assistance programs, which involve hundreds of billions of taxpayer dollars, are a high priority. The OIG will focus on issues such as the rising rate of loan delinquencies and defaults, the accuracy and reliability of consumer information provided to students and borrowers, the ability of the Department to make and service student loans, and the challenges presented by the introduction of new loan program requirements. The OIG plans to continue to evaluate the cost of attendance as prescribed in the Higher Education Act of 1965 (HEA) to determine if changes to the statute are needed.

The OIG anticipates conducting reviews of Federal Student Aid's (FSA) oversight of contractors involved in such activities as servicing direct loans, collecting on defaulted loans, and operating FSA computer systems. The OIG plans to look at issues concerning the delivery of education and FSA's oversight of program participants, schools, lenders, and servicers. For State and local education programs, the OIG will focus resources on areas related to the Individuals with Disabilities Education Act (IDEA) and Elementary and Secondary Education Act (ESEA) programs, data reliability, and grant programs with overlapping goals and activities. The OIG also plans to expend resources to assess the Department's administration of discretionary grants, review the Department's monitoring and controls over contracts, and evaluate the Department's business operations in areas such as performance data, and purchase and travel card programs.

On the investigative side, the OIG must devote considerable resources to combat an observed dramatic increase in the number of fraud and corruption cases involving charter schools and local school districts. The large number of these complex and resource-intensive investigations often involve subjects who are geographically dispersed, which results in greater travel costs for the OIG investigators. The number of cases involving fraud in higher education distance education programs also has skyrocketed. Although the OIG issued a report recommending that the Department implement program improvements to reduce distance education fraud, the number of these cases still represents about 22 percent of all the OIG investigations. Lastly, the OIG has new statutory and regulatory whistleblower protection investigative responsibilities, which are administrative but require the use of criminal investigator resources to address cases.

The OIG also must devote significant resources to statutory and regulatory mandated work, including annual audits of the Department, FSA, and Special Purpose financial statements, and annual audits and other reviews under the Federal Information Security Management Act (FISMA) and Improper Payments Elimination and Recovery Act. The OIG must continue to assess and report Departmental 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, with the possible reauthorization of the ESEA and the IDEA, the OIG will have to work with the Department and the 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, such as risks identified with IDEA maintenance of effort and State assessment scoring. The OIG will also continue to work with OMB and the audit community to evaluate and improve the quality of single audits.

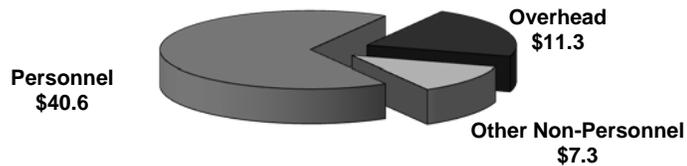
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The OIG faces significant challenges to performing the work necessary to assess the Department's compliance with multiple statutory requirements and to prevent waste, fraud, and abuse. As the OIG's cost of operations rose due to increased audit and investigative requirements, the OIG's budget remained static at approximately \$60 million. Then, in FY 2013, sequestration resulted in a budget reduction of 5 percent. In recognition of the budget constraints faced by the Federal Government, the OIG identified ways to reduce expenses without sacrificing quality, including reducing support costs such as supplies, subscriptions, and reimbursement programs, cancelling contractor support for both our FISMA audit and for development of analytical tools and risk models, and significantly reducing travel and training. Because employee pay and benefits is our largest expense at approximately 70 percent of our overall budget in FY 2013, reductions in staffing through attrition and through the termination of some temporary employees also have been necessary.

The FY 2015 request funds a staffing level of 251, a reduction of two FTE from FY 2014 level, and a reduction of 19 FTE from the FY 2013 level. The requested funding would provide the reduced staff with the tools needed to perform their work. It provides funding for FISMA contractor support. Without contractor support, the OIG would have to downsize the scope and coverage of the Department's information technology (IT) security functions and limit the type of technical testing conducted on the Department's and FSA's data systems and infrastructure. At the FY 2015 request level, the OIG would obtain contractor support for the development of data mining that assist in identifying patterns of fraud and risk, allowing the OIG to better target audit and investigative work. The request level would provide adequate training funds to ensure auditors comply with mandatory Federal auditing standards for continuing professional education and criminal investigators receive training required to maintain their law enforcement authority. Travel funds requested would prevent the OIG from reducing the number of sites covered under nationwide audit projects and from potentially limiting the geographic reach of investigations. Although a smaller staff will result in fewer audits and investigations and may limit the OIG's ability to respond to Departmental and congressional requests for specific reviews, the OIG will continue to focus needed resources on high risk areas, and work that would have great potential to result in significant savings to the Government. In FY 2012, the OIG identified for recovery, in terms of questioned and unsupported costs, fines and restitutions ordered, recoveries, civil settlements/judgments, forfeitures/seizures, and estimated savings of two dollars for each dollar it spent.

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FY 2015 Distribution of Costs (\$ in millions)



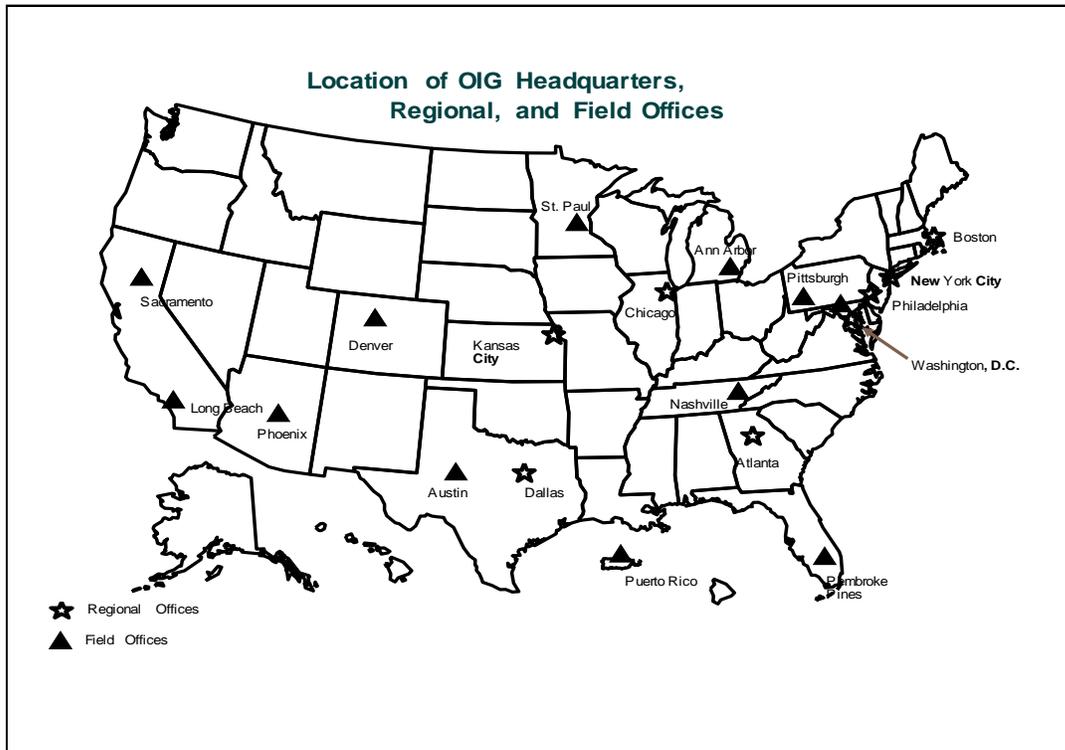
Overhead includes: Rent, telecommunications, interagency agreements and IT services. Other Non-Personnel includes: Travel, advisory and assistance services, training, and CIGIE support.

In accordance with the Inspector General Act, 5 U.S.C. app. 3 § 6, the Inspector General certifies that the amount of \$558,350 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) and the Inspector General Criminal Investigator Academy (IGCIA), would satisfy all the OIG's FY 2015 training requirements.

Kathleen Tighe
Inspector General

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In FY 2015, the OIG will continue to operate from 19 regional and field offices, as well as headquarters in Washington, DC. 163 FTE, or 65 percent of the 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 Beach, Pittsburgh, Phoenix, and Pembroke Pines. The remaining 88 FTE will be located in the Washington, DC headquarters office.



FY 2015 Priorities and Goals

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.
- **Goal 4:** Contribute to improvements in the Department's business operations.

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- **Goal 5:** Strive for a diverse and skilled workforce that is provided with the means and assistance necessary to achieve the OIG's mission with excellence, accountability, and integrity.

The OIG will meet these goals through audits, investigations, inspections, human capital planning, and other activities. 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.

Personnel Costs

The FY 2015 budget request of \$40.538 million for personnel compensation and benefits is an increase of \$310,000 from the FY 2014 estimate. The request covers a proposed 2015 one percent government-wide pay raise, as well as increased benefits costs, including increased FERS contribution rates starting October 2014. The requested level provides funding for a staffing level of 251 FTE and covers law enforcement availability pay (required by 5 U.S.C. § 5545) paid to investigators who are required to be available during hours that are not part of the regular work week. For the budget request, law enforcement availability pay is included in the regular personnel compensation amount.

The OIG's request for 251 FTE in FY 2015 is a decrease of two FTE from the estimated FY 2014 level of 253. The 251 FTE for FY 2015 will be used to support audit, investigation, and inspection activities, as well as IT audits and computer crime investigations (cyber security) for all Department programs. This minimal staff is responsible for providing oversight of the Department, which administers over 150 educational programs and is responsible for approximately \$69 billion in discretionary grants and a loan portfolio of approximately \$1 trillion. The funding is distributed to 55 State and territorial educational agencies, more than 13,000 school districts, and over 6,000 institutions of higher education.

To achieve reduced staffing levels, the OIG has limited hiring to that necessary to fill only essential positions and may request authority to offer voluntary early retirement and voluntary separation incentive payments.

Audit Priorities

In FY 2015, the OIG will focus its audit efforts on Federal student assistance programs, and State and local programs, as well as high priority departmental operations. Specifically, audit coverage will include the following high risk areas:

Student Financial Assistance Programs

- **Student Loan Debt** — the aggregate amount of outstanding Federal and private student loan debt has passed the total amount of outstanding credit card debt and exceeds \$1 trillion. Areas of potential audit coverage are provided below:
 - **Loan delinquencies and defaults** — Rising tuitions and fees will result in increased borrowing and increased defaults. The OIG will continue to

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examine increased defaults, questionable debt collection practices, wage garnishment, reporting to credit bureaus, and loan rehabilitation practices.

- **Consumer information** — Without adequate and accurate consumer information, students cannot make informed decisions when selecting schools, taking out loans, and accepting debit cards. Areas of audit coverage may include information such as graduation rates and crime statistics reported by schools, disclosure and notification requirements for schools, loan servicers, debit cards, and financial literacy programs.
- **Cost of Attendance** — Cost of attendance is the driving force behind the amount of Title IV financial aid that a student is eligible to receive and impacts the amount of loan debt a student can accumulate. The cost of attendance is prescribed in the HEA and prohibits the Department from issuing regulations. The OIG will continue to evaluate the dynamics of the cost of attendance, with a goal of determining whether changes to the statute are needed.
- **William D. Ford Federal Direct Loan Program** — As the Direct Loan portfolio increases and all new loans are now originated by the Department, the Department's resources will continue to be stretched and its ability to make and service student loans will be tested. Audits will assess the Department's diligence in making and consolidating loans, addressing borrower complaints, and managing Title IV Additional Servicers (TIVAS) and the increasing number of non-profit servicers.
- **New programs and requirements** — Over the past 6 years, the HEA and its regulations have been amended numerous times, implementing new programs and requirements. The OIG oversight may focus on deferments, forbearance, and forgiveness provisions, PLUS loans for graduate students, 3-year cohort default rates, and maximum lifetime limits for receipt of Pell grants.
- **Contractors** — FSA relies on contractors to service Direct Loans, collect on defaulted loans, design and operate its computer systems, and perform many other functions. The OIG has consistently identified problems with FSA's contract oversight. In 2015, the OIG work on FSA's contractor oversight will concentrate not just on individual contractors, but the overall contracting process to identify root causes for contract problems.
- **School Compliance Issues:**
 - **Schools** — The OIG plans to continue to conduct audits and inspections of proprietary schools. These schools are driven by profit, and their need for growth is often counter to the purposes of the Federal student financial assistance programs, which could harm students and lead to the misuse of Federal funds. The OIG will also conduct audits of not-for-profit and public schools.
 - **Issues Concerning Title IV and the Delivery of Education** — In addition to traditional semester, trimester, and quarter programs, institutions use

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modules and non-standard terms. There are two modes of education delivery — on ground and distance education. The progress of the student in an educational program can be measured in credit hours earned or through direct assessment. The diversity of education delivery complicates the Title IV programs. The areas that the OIG will audit include student eligibility, institutional eligibility, disbursement of Title IV financial aid, adequacy of accreditation review, and State authorization.

- **Oversight and Monitoring of Student Financial Assistance Program Participants** — The OIG's audits of FSA's oversight of program participants, schools, lenders, and servicers, have consistently identified weaknesses. The OIG may conduct follow-up audits on past work or audits of emerging areas.

State and Local Programs

- **Individuals with Disabilities Education Act (IDEA)** — The OIG will address a variety of issues related to IDEA funding in traditional and online charter schools.
- **Elementary and Secondary Education Act (ESEA)** — The OIG will audit key areas such as Department-issued ESEA waivers, charter schools, and teacher quality initiatives.
- **Compliance Requirements and Monitoring at State Education Agencies (SEAs) and Local Education Agencies (LEAs)** — Each State and local program comes with its own set of compliance requirements that takes time and resources to administer. SEAs and LEAs must conduct sub-recipient monitoring for each program; however, States may lack sufficient resources for monitoring or designing an effective monitoring program. Prior audits have identified numerous instances of noncompliance and deficiencies; therefore, the OIG will review selected SEAs and LEAs for compliance and general administrative capability. The OIG also will review States' implementation of complex discretionary grant programs, such as Race to the Top.
- **Overlapping Programs** — To improve the efficiency and effectiveness of Education programs, the OIG will examine grants that have overlapping goals and activities. Planned work includes examination of selected TRIO programs.
- **Data Reliability** — Many critical decisions in Education programs are based on data supplied by grantees. To be useful, the data must be accurate, reliable, and complete. The OIG will examine the accuracy of grantee data, including reviewing performance data related to the Vocational Rehabilitation State Grant Program.

Departmental Operations

- **Discretionary Grants** — The Department awards a significant number of discretionary grants through its program offices. Effective monitoring and oversight are essential for

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ensuring that grantees meet grant requirements and achieve program goals and objectives. The OIG will continue to review processes and controls in place over competitions and grant funds and determine whether the Department's monitoring of grants is sufficient to ensure that grantees are performing the work as stated in their grant agreements.

- **Contracts** — the Department contracts for many services that are critical to its operations. These services include systems development, operation, and maintenance; loan servicing and debt collection; technical assistance for grantees; administrative and logistical support; and education research and program evaluations. Responsibility for oversight and monitoring of contracts and contractor performance at the Department is shared by staff in the program offices and the Department's Contracts and Acquisition Management, a component of the Office of the Chief Financial Officer. The FSA program office has delegated authority for its own procurement function. The OIG will review the Department's monitoring processes and controls to ensure that it receives the quality and quantity of products or services for which it is paying.
- **Business Operations** — The OIG will devote resources to reviews which impact the Department's business operations. This includes planned work to assess the value of performance data collected by the Department, the resolution of complaints by the Department's Office of Civil Rights, and required assessments of the Department's purchase card and travel card programs to identify illegal, improper, or erroneous purchases and payments.

Investigation Priorities

At the requested staffing level, the OIG will conduct investigations of institutions (lenders, guaranty agencies, servicers, collection agencies, and schools) that participate in the Title IV student financial assistance programs. In addition, the OIG will continue to investigate allegations of corruption and fraud in State agencies and local school districts, including charter schools, and other ESEA funded programs.

Investigations of State and local programs are on the rise due in part to increased awareness by State and local officials due to the OIG outreach undertaken as part of the OIG Recovery Act work. For example, the OIG has seen a large growth in Supplemental Educational Services complaints and cases since FY 2011. These crimes involve falsified student rosters and fictitious billing for student tutoring services, which often go undetected due to weak internal controls and in some cases, corrupt public officials.

In addition to these investigations, the OIG will continue to investigate allegations of whistleblower reprisals as mandated by the Recovery Act, even though Recovery Act funds are no longer available. The Department of Education's OIG has received almost four times more Recovery Act whistleblower reprisal complaints than any other OIG. Additionally, beginning in July 2013, the OIG is now also responsible for conducting investigations of whistleblower reprisals raised by employees of all Department contractors, subcontractors, and grantees, as required under the National Defense Authorization Act for Fiscal Year 2013 (NDAA); and for

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investigations relating to Department employees who allege that they lost their security clearance due to whistleblowing, under Presidential Policy Directive-19 (PPD-19).

The OIG strives to investigate matters with the highest priority (established by our investigative priority matrix) that would have the most significant impact on the Department's programs and operations. The OIG investigations are often based on complex regulatory schemes, involve persons and entities that are geographically dispersed, and can take several years to fully develop and resolve.

In FY 2015, the OIG anticipates focusing on the following areas:

- **Postsecondary Institutions** – Continue to devote significant resources to conducting 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 these programs. Federal Student Aid programs represent the largest concentration of education program dollars at risk. As of February 2014, the OIG had 106 ongoing investigations of postsecondary institutions, representing about 27 percent of the OIG investigative inventory.
- **Charter Schools** - Continue to conduct criminal investigations of fraud in charter schools. Since FY 2005, the OIG has opened 63 charter school investigations resulting in 37 indictments, 31 convictions, and over \$10.7 million recovered to date.
- **State and Local School Corruption** - Continue to focus significant resources on allegations of bribery and theft involving State and local public school officials. From FY 2008 to February 2014, the OIG investigations involving State or local education agencies have resulted in 154 indictments.
- **Distance Education** - Continue to conduct criminal investigations involving fraud resulting from the vulnerabilities associated with the delivery of distance education. Investigations in this area represent about 22 percent of all the OIG investigations.
- **Whistleblower and Recovery Act Fraud** - Continue to conduct statutorily mandated administrative investigations of whistleblower reprisal complaints, as well as criminal and civil investigations of theft and corruption involving Recovery Act funds still within the statute of limitations. Additionally, the OIG is also now required to conduct whistleblower reprisal investigations as mandated by the NDAA and PPD-19.

IT Audits and Cyber Crime Priorities

The OIG requested staffing level includes staff with expertise necessary to conduct audits of the Department's IT systems and operations, investigate cybercrime, and provide technical support for investigative activities, including data mining. The OIG data mining efforts will focus on the detection of illegal electronic financial transactions, including unauthorized payment requests, ineligible program participants, and program abuse and fraud. This data mining requires the OIG to continue to maintain its data risk assessment systems — E-Fraud Student Fraud Ring System, State and Local Education Agencies Risk Model, and Title IV Risk Model. These systems allow the OIG staff to discern patterns indicating fraud, waste, and abuse and allow dynamic audit and investigative planning using risk-based analysis. The OIG will also

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investigate network intrusions, criminal misuse of Department systems and electronic data, and look for systemic IT problems as new computer threats occur.

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

In addition, the 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 data.

Non-Personnel Costs

The OIG request includes \$18.643 million for non-personnel costs, an increase of \$1.080 million from the FY 2014 level. Of the total, \$11.346 million is for departmental centralized services (overhead expenses), including the Department's IT infrastructure and support contract (EDUCATE), and \$7.297 million is for other non-personnel operational costs

Departmental Centralized Services

The OIG request of \$11.346 million for overhead is an increase of \$374,000 over the FY 2014 estimate, and 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 EDUCATE, which covers telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent and EDUCATE use approximately 74 percent of the centralized services resources.

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Centralized Services

(dollars in thousands)

Item	2014	2015	Difference
Rent	\$5,395	\$5,648	+\$253
IT and telecommunications services and contracts (including interagency agreements)	3,867	3,967	+100
Other interagency agreements	1,065	1,091	+26
Other	645	640	-5
Non-Pay Centralized Services	\$10,972	\$11,346	+\$374

Other Non-Personnel Costs

Travel

The OIG is requesting \$1.686 million in travel funds, \$123,000 less than FY 2014. The small decrease in 2015 travel offsets an increase in funding provided to CIGIE. In FY 2013, the OIG eliminated training-related travel, restricted managers' travel to regional offices, and delayed audit projects involving large amounts of travel in order to manage within a severely limited budget. Much of the travel funding was restored in 2014. The requested amount for FY 2015 covers travel expenses for the requested staff of auditors, investigators, and other specialists, as well as anticipated increases in the overall costs of traveling, such as increases for fuel surcharges and airline fees. Travel is necessary to perform the OIG audit, investigative, and outreach mission. Most OIG work involves travel to SEAs, LEAs, schools, other grantees, guaranty agencies, and other recipients of Federal education funds, to interview witnesses and subjects, and gather evidence. Many of these entities and people are not located in the cities where the OIG has staff, thus necessitating travel. The OIG recognizes the importance of reducing or eliminating non-essential travel and using technologies such as video conferencing, WebEx, and SharePoint, to accomplish training and conduct internal and external meetings. At the requested funding level, the OIG will be able to conduct essential nationwide audits and investigations, inspections, and other related work.

Advisory and Assistance Services

The OIG is requesting \$645,200 to contract for audit services that support mandated the OIG FISMA work. The requested funding level would provide contractor support to expand the coverage needed for IT security reviews of systems; audits of EDUCATE; reviews of systems development life cycles, enterprise architecture and IT project management; and computer forensic analysis.

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Other Services

The OIG is requesting \$968,000, an increase of \$48,000 over FY 2014, to contract with an independent certified public accounting firm to audit the Department-wide financial statements. In addition to this amount, \$725,000 is included in the Student Aid Administration budget request for additional work under the financial statement contract. In accordance with various statutory requirements, the OIG will oversee the financial statement audits. The audits will result in reports on Department-wide financial statements, including Federal Student Aid's financial statement, the special purpose financial statement, and Federal intergovernmental balances. Audits will examine and analyze account balances, review applicable financial systems, and evaluate internal controls and compliance with significant laws and regulations. Audit results will assess the fair presentation of the financial statements, make recommendations for improving financial accountability and stewardship, and identify areas requiring further review.

Training

Training for the OIG auditors, investigators, inspectors, and business operations staff is divided among three separate sections in the FY 2015 budget request — Other Non-Personnel Costs, Departmental Centralized Services, and Interagency Agreements. Under the other non-personnel section, the OIG is requesting \$318,000 for OIG-specific staff training, a decrease of \$7,000 from FY 2014. Also, within the departmental centralized services section, the OIG requests \$120,000 in support of Department training operations, which reflects a decrease of \$5,000 from FY 2014. In addition, within the interagency agreements section, the OIG requests \$120,350 to cover Federal Law Enforcement Training Center (FLETC) and Inspector General Criminal Investigator Academy (IGCIA) costs for the OIG investigations staff, which is an increase of \$30,400 from the FY 2014 level. The total training request for FY 2015 is \$558,350, an increase of \$8,000 from FY 2014.

Training funds are needed to provide professional and statutorily mandated training for the OIG auditors and investigators. As required by the Government Accountability Office, auditors performing work under generally accepted government auditing standards must maintain professional competencies through continuing professional education (CPE) by completing, every 2 years, 80 hours of governmental auditing training with at least 20 hours of CPE in each 2-year period. The OIG criminal investigators must also complete periodic statutory and Attorney General-mandated law enforcement training requirements to maintain their statutory law enforcement authorities. The OIG maintains a staff of accredited trainers to deliver firearms and other mandated training to the OIG investigators, and the trainers require specific refresher courses to maintain their accreditation. In addition, the requested amount will cover the costs of review courses and examinations to obtain professional certifications, such as Certified Public Accountant and Certified Information Systems Auditor; send the OIG investigators to FLETC/IGCIA; and obtain advanced IT skills to combat new computer threats and weaknesses.

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To minimize the costs associated with mandatory training requirements, the OIG plans to continue to use such technologies as WebEx, video conferencing, and web-enabled training courses to accomplish as much of OIG continuing education requirements as is possible, as well as using qualified OIG staff to deliver required training. The OIG will also continue to minimize training costs by having staff attend CIGIE-supported or IG community-sponsored training events.

Interagency Agreements

The OIG request includes \$423,000 in FY 2015 to cover the OIG's funding support for CIGIE. Other interagency agreements covering a variety of services provided by other Federal agencies, such as FLETC/IGCIA training, mandated bi-annual physicals for investigators, and the use of firearms ranges, total \$192,300, an increase of \$46,300 from the FY 2014 level.

Equipment Operations/Maintenance

For FY 2015, the OIG requests \$3,000, the same as in FY 2014, for copier maintenance.

IT Services/Contracts

For FY 2015, the OIG is requesting \$733,000 for contracts for system support and expertise, of which \$231,000 is for a senior programmer, \$168,000 for software licenses, \$226,000 for servers and software programmer maintenance support for the OIG investigations case management system, \$14,000 for OIG-specific items under EDUCATE, \$76,000 for miscellaneous IT services such as recertification of the OIG specific IT systems, and \$18,000 for an Oracle services contract to support IT security operations, computer forensics, and data mining experts. None of these purchases are covered by centralized IT funding.

IT Equipment/Software

The OIG is requesting \$543,000, an increase of \$186,000 from FY 2014, to support non-centralized IT software maintenance agreements, software license renewals, and equipment purchases. In addition, the Department's Office of the Chief Information Officer is requiring \$3.967 million from the OIG for centralized IT and telecommunications contracts, an increase of \$100,000 from the FY 2014 level. The OIG's combined central and non-central IT request for FY 2015 is \$5.243 million.

Building Alterations

The OIG's request includes \$743,000, an increase of \$236,000 over FY 2014, in non-centralized building alterations costs. This amount will provide funding for pending lease renewals and possible office moves for headquarters in Washington, DC and for the Chicago regional office, as well as for miscellaneous facilities projects, such as maintenance of air conditioning units, space reconfigurations, furniture repair and/or replacement, and other costs associated with maintaining the work environment.

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Other Items

There are also changes from the FY 2014 estimate in the following items:

- Communications - \$169,000, an increase of \$6,000
- Postage - \$22,000 for overnight shipping and \$1,000 for other postage, which were formerly included as part of departmental centralized non-pay costs. The total amount is the same as in 2014, but is no longer a centralized cost.
- Contracts for other services - \$112,000, an increase of \$16,000
- Supplies - \$127,000, an decrease of \$5,000
- Other equipment - \$29,000, an increase of \$1,000

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://www2.ed.gov/about/offices/list/oig/reports.html>.

OIG performance measures:

In 2011, OIG established the strategic goals and objectives shown below. Performance measures are reviewed annually and revised as necessary. The performance measurement data shown below are from the 2012 Budget Service Program Performance Report, and data quality validation is performed internally.

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.*

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

Year	Target Percent	Actual Percent
2012	85%	100%
2013	85	100
2014	85	
2015	85	

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

Year	Target Percent	Actual Percent
2012	75%	85%
2013	80	93
2014	80	
2015	80	

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

Year	Target Percent	Actual Percent
2011	85%	93%
2012	90	92
2013	90	95
2014	90	
2015	90	

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

Year	Target Percent	Actual Percent
2012	70%	100%
2013	80	100
2014	80	
2015	80	

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

Year	Target Percent	Actual Percent
2012	70%	100%
2013	70	94
2014	75	0
2015	75	

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

Year	Target Percent	Actual Percent
2012	70%	90%
2013	70	95
2014	70	
2015		

Measure: Case closing *Reports of Investigations* submitted within 150 days of last reportable investigative action (90 days for 2011).

Year	Target Percent	Actual Percent
2011	75%	54%
2012	70	70
2013	70	71
2014	70	
2015	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	82
2013	70	79
2014	70	
2015	70	

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

Year	Target Percent	Actual Percent
2011	65%	71%
2012	68	84
2013	74	87
2014	74	
2015	74	

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Measure: Agreed-upon milestones for inspections and information technology audits are met

Year	Target Percent	Actual Percent
2013	75%	75%
2014	75	
2015	75	

Additional information: This measure was new in 2013.

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

Year	Target Percent	Actual Percent
2012	70%	97%
2013	85	93
2014	85	
2015	85	

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

Year	Target Percent	Actual Percent
2011	60%	72%
2012	60	90
2013	70	97
2014	70	
2015	70	

Objective 2 of 2: Hire, develop, and retain a highly qualified, diverse workforce with the skills to meet current and emerging mission requirements; Provide employees with the physical work space, technology, equipment, and other resources necessary to support accomplishment of the goals of the OIG; 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 Support the integrity of OIG operations by maintaining an effective quality assurance and internal review program.

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

Year	Target Percent	Actual Percent
2011	80%	91%
2012	80	97
2013	85	95
2014	85	
2015	85	

Measure: Freedom of Information Act responses meeting required deadlines.

Year	Target	Actual
2011	97%	98%
2012	97	99
2013	95	94
2014	95	
2015	95	

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

Year	Target	Actual
2011	65%	87%
2012	65	86
2013	70	86
2014	70	
2015	70	

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

Year	Target	Actual
2011	90%	98%
2012	90	100
2013	90	100
2014	90	
2015	90	

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Measure: Products related to budget and other administrative operations developed, executed, and delivered to OMB, Department, OIG leadership, and other applicable stakeholders within agreed-upon timeframes.

Year	Target	Actual
2011	80%	100%
2012	80	87
2013	80	100
2014	80	
2015	80	

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

Year	Target Percent	Actual Percent
2011	90%	100%
2012	90	92
2013	90	100
2014	90	
2015	90	

Measure: Quality assurance review and internal control review recommendations are accepted by the OIG.

Year	Target Percent	Actual Percent
2012	70%	91%
2013	80	99
2014	90	
2015	90	

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

Year	Target Percent	Actual Percent
2011	95%	92%
2012	90	100
2013	95	100
2014	95	
2015	95	

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Measure: Hotline controlled correspondence processed within the established deadlines

Year	Target Percent	Actual Percent
2013	95%	100%
2014	95	
2015	95	

Additional information: This measure was new in 2013.

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

Year	Target Percent	Actual Percent
2011	70%	100%
2012	70	90
2013	70	92
2014	70	
2015	70	