

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2016 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] \$59,256,000. (*Department of Education Appropriations Act, 2015*)

OFFICE OF INSPECTOR GENERAL

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2014	2015	2016
Discretionary appropriation:			
Appropriation	\$57,791	\$57,791	\$59,256
Total, appropriation	57,791	57,791	59,256
Unobligated balance expiring	-1,374	0	0
Total, direct obligations	56,417	57,791	59,256

OFFICE OF INSPECTOR GENERAL

Obligations by Object Classification
(dollars in thousands)

Object Class	2014	2015	2016
11.10 Full-time permanent	26,410	28,268	28,751
11.31 Full-time temporary	248	238	604
11.32 Part-time	82	119	121
11.51 Overtime	1,937	0	0
11.52 Awards	298	296	297
Compensation subtotal	28,975	28,921	29,773
12.00 Benefits	10,205	10,627	11,224
13.00 Benefits for former personnel	175	0	0
Comp/benefits subtotal	39,355	39,548	40,997
21.00 Travel	1,081	1,626	1,523
22.00 Transportation of things	28	300	75
23.10 Rental payments to GSA	5,445	5,631	6,001
23.31 Communications	193	212	218
23.32 Postage/fees	21	15	14
Subtotal 23	5,659	5,858	6,233
24.00 Printing and reproduction	0	0	0
25.10 Advisory and assistance services	816	660	665
25.21 Other services	1,810	2,056	2,152
25.22 Training/tuition contracts	224	479	458
25.23 Field readers	0	0	0
25.30 Goods/services from Federal sources	1,554	1,246	1,304
25.40 Operations/maint of facilities	0	0	0
25.70 Operations/maint of equipment	4	11	12
25.72 IT services/contracts	4,816	4,688	4,952
Subtotal 25	9,224	9,140	9,543
26.00 Supplies	145	136	131
31.10 IT equipment/software	722	614	549
31.30 Other equipment	149	36	33
Subtotal 31	871	650	582
32.00 Building alterations	54	533	172
43.10 Prompt payment interest	0	0	0
Total, Obligations	56,417	57,791	59,256

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OFFICE OF INSPECTOR GENERAL

Summary of Changes

(dollars in thousands)

2015	\$57,791
2016.....	<u>59,256</u>
Net change	+1,465

Increases:	<u>2015 base</u>	<u>Change from base</u>
<u>Built-in:</u>		
Increase in salaries and benefits due to the proposed 1.3 percent pay raise, one additional paid day, and increased FERS contribution rates.	\$39,099	+\$975
Increase in GSA rental payments due to anticipated rate increases and tax escalations.	5,631	+370
<u>Program:</u>		
Increase in salaries and benefits for 3 additional FTE	0	+499
Increase in central information technology.	3,659	+229
Net increase in central support non-pay charges.	1,514	+68
Increase in OIG's cost for the audit of the Department's financial statements	968	+50
Increase 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.	1,029	+35
Increase in miscellaneous interagency agreements.	192	+34
Increase in other services for car leases, which partially offsets the decrease in travel	507	+25
Subtotal, increases		<hr/> +2,285

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Summary of Changes
(dollars in thousands)

Decreases:	<u>2015 base</u>	<u>Change from base</u>
<u>Program:</u>		
Decrease building alterations.	\$533	-\$361
Decrease in transportation for permanent changes of station.	300	-225
Decrease in travel.	1,626	-103
Decrease in non-centralized IT equipment purchases.	589	-65
Decrease in training	346	-36
Decrease in benefits due to lower transit subsidies	100	-26
Net changes in other areas.	1,698	-4
Subtotal, decreases		<hr/> -820
Net change		+1,465

OFFICE OF INSPECTOR GENERAL

Authorizing Legislation
(dollars in thousands)

Activity	2015 Authorized	2015 Estimate	2016 Authorized	2016 Request
Inspector General (DEOA, Section 212)	<u>Indefinite</u>	<u>\$57,791</u>	<u>Indefinite</u>	<u>\$59,256</u>
Total definite authorization	0		0	
Total appropriation		57,791		59,256

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Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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
Transfer (P.L. 113-6)	0	0	0	1,100
2014	62,347	N/A ⁸	59,700 ³	57,791
2015	59,181	N/A ⁸	58,791 ⁹	57,791
2016	59,256			

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.

⁹ The level for the Senate allowance reflects Senate Subcommittee action only.

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Inspector General (DEOA, section 212)

(dollars in thousands)

FY 2016 Authorization: Indefinite

Budget Authority:

	<u>2015</u>	<u>2016</u>	<u>Change</u>
Personnel costs	\$39,548	\$40,997	+\$1,449
Non-Personnel costs	<u>18,243</u>	<u>18,259</u>	<u>+16</u>
Total	57,791	59,256	+1,465
FTE	241	244	3

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.

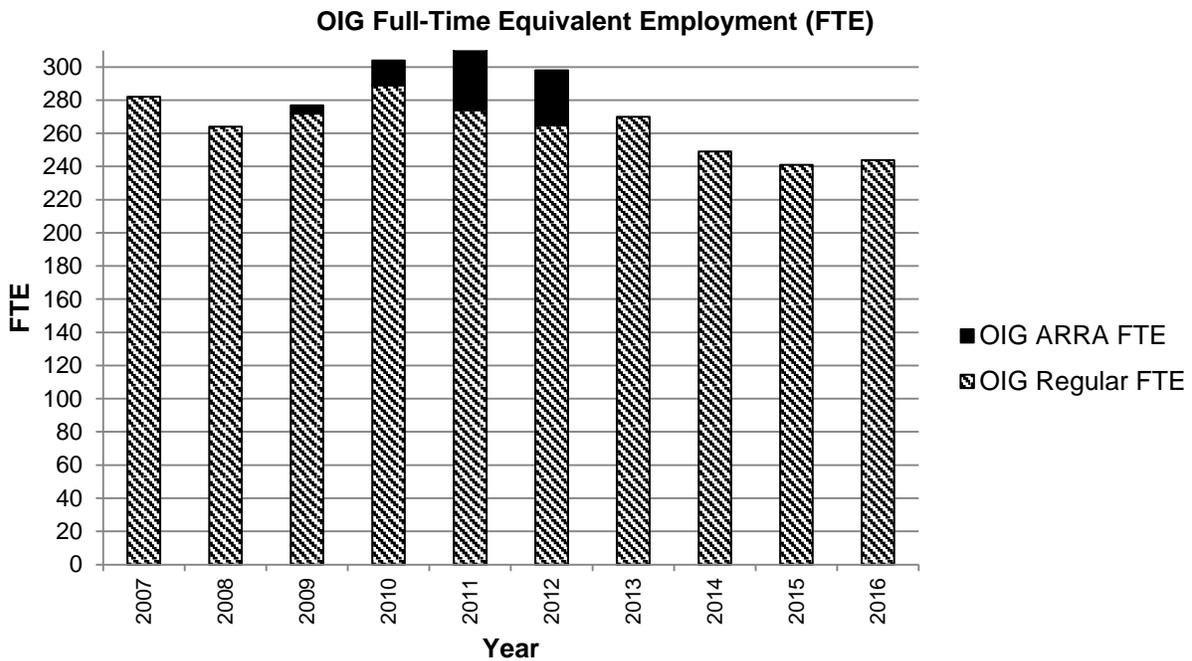
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Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2011	\$59,933
2012	59,820
2013	57,791
2014	57,791
2015	57,791

FY 2016 BUDGET REQUEST

The Office of Inspector General (OIG) requests \$59.256 million and 244 full time equivalents (FTE) for fiscal year (FY) 2016, an increase of \$1.465 million over the FY 2015 level. A 10-year history of the OIG's staffing is shown in the following chart:



Over 69 percent of the requested amount, or \$40.997 million, is for personnel compensation and benefits to support the requested staffing level of 244 FTE. The remaining \$18.259 million is for non-personnel costs, of which \$11.471 million, or 19 percent of the total OIG request, is for administrative and overhead services, such as rent, telecommunications, payroll processing, and information technology (IT) services contracts. The remainder of the non-personnel request, \$6.788 million, or 11 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 \$161,000 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 2016 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 ability of the Department to make and service student loans, and the challenges presented by the introduction of new loan program requirements.

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, 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 high-risk grantees. 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.

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 24 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 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.

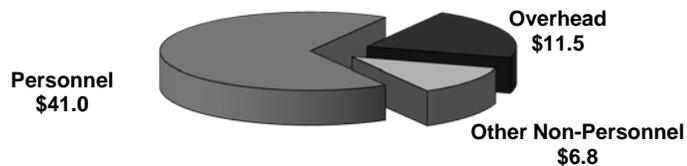
The OIG faces significant challenges to performing the work necessary to assess the Department's compliance with multiple statutory requirements and to prevent waste, fraud, and abuse. As the OIG's cost of operations rose due to increased audit and investigative requirements, the OIG's budget remained static at approximately \$60 million. In FY 2013,

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sequestration resulted in a budget reduction of 4%. A modest budget increase in FY 2014 allowed OIG to lessen the impact of the sequestration reduction. However, we continue to struggle to cover multiple competing high priority requirements with reduced staffing levels.

The FY 2016 request funds a staffing level of 244, an increase of 3 FTE over the 2015 level. The requested funding would provide staff with the tools needed to perform their work. It provides funding for FISMA contractor support. Without contractor support, the OIG would have to significantly reduce the scope and coverage of the Department's IT security functions and limit the type of technical testing performed on the Department's and FSA's data systems and infrastructure. At the FY 2016 request level, the OIG would obtain contractor support for the development of data mining that assists 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 having to reduce 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 2013, 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.

FY 2016 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 \$628,000 requested for required training of our staff, including the amount designated in the Department's centralized services and the statutorily required training

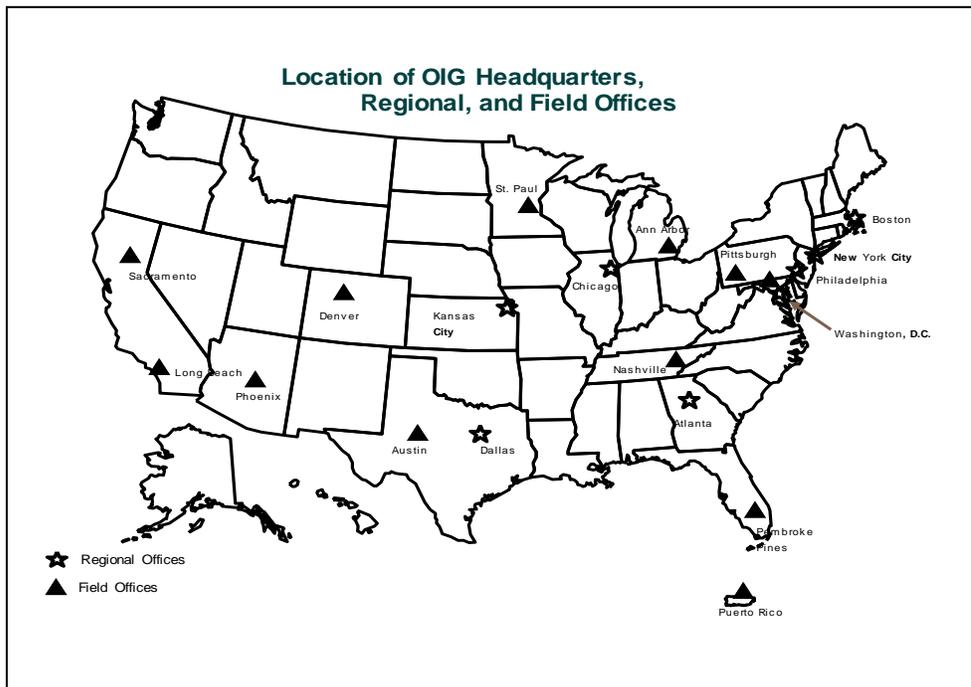
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provided by the Federal Law Enforcement Training Center (FLETC) and the Inspector General Criminal Investigator Academy (IGCIA), would satisfy all the OIG's FY 2016 training requirements.

Kathleen Tighe

Kathleen Tighe
Inspector General

In FY 2016, the OIG will continue to operate from 19 regional and field offices, as well as headquarters in Washington, DC. Approximately 66 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 34 percent will be located in the Washington, DC headquarters office.



FY 2016 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.

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- 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.
- 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.

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 2016 budget request of \$40.997 million for personnel compensation and benefits is an increase of \$1.449 million from the FY 2015 level. The request covers a proposed 2016 1.3 percent government-wide pay raise and an additional paid day, as well as increased benefits costs. The request provides funding for a staffing level of 244 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 244 FTE in FY 2016 is 3 FTE more than the FY 2015 level. The 244 FTE for FY 2016 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 \$71 billion in discretionary grants and a loan portfolio of over \$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 maintain staffing levels, the OIG continues to restrict hiring to that necessary to fill only essential positions.

Audit Priorities

In FY 2016, 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. Rising tuitions and fees will result in increased borrowing and defaults. The

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OIG's work may examine such issues as increased defaults, questionable debt collection practices, wage garnishment, reporting to credit bureaus, and loan rehabilitation practices.

- **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 Higher Education Act (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 2016, 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. OIG work will also examine FSA's ability to effectively oversee IT development.
- **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 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.

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State and Local Programs

- **IDEA** — The OIG will address a variety of issues related to IDEA funding in traditional and online charter schools.
- **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.
- **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 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

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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 resulting from OIG outreach efforts. 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 American Recovery and Reinvestment Act of 2009. The OIG has received almost four times more Recovery Act whistleblower reprisal complaints than any other federal OIG. Additionally, the OIG is 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 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 2016, 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 December 2014, the OIG had 118 ongoing investigations of postsecondary institutions, representing about 30 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 65 charter school investigations resulting in 41 indictments, 30 convictions, and over \$11.3 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

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FY 2008 to December 2014, the OIG investigations involving State or local education agencies have resulted in 162 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 24 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 Cybercrime 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 digital forensics and data mining. The OIG data analytics 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 analytics 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 Purchase Card 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 conduct data analytics projects to proactively identify criminal activity impacting the Department's programs.

The OIG cybercrime investigations include the investigation of intrusions into Department systems and criminal misuse of the Department's systems and electronic data. These investigations also include the investigations of intrusions into higher education computer systems used to administer student financial aid. While conducting these investigations, the OIG will identify systematic IT security problems as new computer threats emerge.

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 and Department of Homeland Security 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.

Non-Personnel Costs

The OIG request includes \$18.259 million for non-personnel costs, an increase of \$16,000 from the FY 2015 level. Of the total, \$11.471 million is for departmental centralized services (overhead expenses), including the Department's IT infrastructure and support contract (EDUCATE), and \$6.788 million is for other non-personnel operational costs.

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Departmental Centralized Services

The OIG request of \$11.471 million for overhead is an increase of \$667,000 over the FY 2015 level 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, background security investigations, communications, and IT services and contracts. The communications and IT amounts will be used primarily for EDUCATE, which covers IT equipment, telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent and EDUCATE use approximately 86 percent of the centralized services resources.

Centralized Services

(dollars in thousands)

Item	2015	2016 Request	Difference
Rent	\$5,631	\$6,001	+\$370
IT and telecommunications services and contracts (including interagency agreements)	3,659	3,888	+229
Other interagency agreements	898	917	+19
Other	616	665	+49
Non-Pay Centralized Services	\$10,804	\$11,471	+\$667

Other Non-Personnel Costs

Travel

The OIG is requesting \$1.523 million in travel funds, \$103,000 less than the FY 2015 level. The requested amount for FY 2016 covers travel expenses for the requested staff of auditors, investigators, and other specialists and 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 and by using available conference technologies, the OIG will be able to conduct essential nationwide audits and investigations, as well as inspections and other related work.

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Advisory and Assistance Services

The OIG is requesting \$665,000, an increase of \$5,000 over the FY 2015 level to contract for audit services that support mandated 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.

Other Services

The OIG is requesting \$1.678 million, an increase of \$62,000 over the FY 2015 level, primarily 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 FSA 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 FSA'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 2016 budget request — Other Non-Personnel Costs, Departmental Centralized Services, and Interagency Agreements. Under the other non-personnel section, the OIG is requesting \$310,000 for OIG-specific staff training, a decrease of \$36,000 from the FY 2015 level. Also, within the departmental centralized services section, the OIG requests \$148,000 in support of Department training operations, which reflects an increase of \$15,000 from the FY 2015 level. In addition, within the interagency agreements section, the OIG requests \$147,000 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 \$23,000 from the FY 2015 estimate. The total training request for FY 2016 is \$628,000, an increase of \$2,000 from FY 2015.

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

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FLETC/IGCIA; and obtain advanced IT skills to address ever increasing computer requirements and processes, as well as combat new threats and weaknesses.

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 continuing education requirements, as well as using qualified OIG staff to deliver required training while attending only essential/critical vendor-offered courses. 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 \$161,149 in FY 2016 to cover the OIG's funding support for CIGIE. This contribution is .27% of the OIG FY 2016 designated funding level based on a total budget request of \$59.3 million, including the CIGIE amount. 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 \$226,000, an increase of \$34,000 from the FY 2015 level.

Equipment Operations/Maintenance

For FY 2016, the OIG requests \$12,000, an increase of \$1,000 from the FY 2015 level, for maintenance of copiers and heating, ventilation, and air conditioning units.

IT Services/Contracts

For FY 2016, the OIG is requesting \$1.064 million for contracts for system support and expertise which includes \$769,000 for senior programmer services and maintenance for various OIG systems and applications, \$150,000 for software licenses, \$34,000 for Oracle services and support for IT security operations, computer forensics, and data mining experts, \$57,000 for OIG-specific items under EDUCATE, and \$54,000 for IT hardware. None of these purchases are covered by centralized IT funding.

IT Equipment/Software

The OIG is requesting \$524,000, a decrease of \$65,000 from the FY 2015 level, 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 \$3.888 million from the OIG for centralized IT and telecommunications contract support, an increase of \$229,000 from the FY 2015 level. The OIG's combined central and non-central IT request for FY 2016 is \$5.476 million.

Building Alterations

The OIG's request includes \$172,000, a decrease of \$361,000 from the FY 2015 level, in non-centralized building alterations costs. This amount will provide funding for miscellaneous facilities projects, such as 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 2015 level in the following items:

- Communications - \$22,000 for overnight shipping and \$196,000 for other communications, an overall increase of \$6,000
- Contracts for other services - \$128,000, a decrease of \$13,000
- Supplies - \$125,000, a decrease of \$6,000
- Other equipment - \$33,000, a decrease of \$3,000

PROGRAM PERFORMANCE INFORMATION

Specific results from audits, inspections, and investigations are summarized twice yearly in the OIG Semiannual Report to Congress. All OIG reports are available on OIG's website, <http://www2.ed.gov/about/offices/list/oig/reports.html>.

OIG performance measures:

In 2014, OIG developed its Five-Year Strategic Plan covering fiscal years 2014-2018. The Plan established the strategic goals and strategies shown below.

Strategic Plan Goals: (1) improve the Department's ability to effectively and efficiently implement its programs to promote educational excellence and opportunity for all students, (2) strengthen the Department's efforts to improve the delivery of student financial assistance, (3) protect the integrity of the Department's programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse, (4) contribute to improvements in the Department's business operations, and (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.

Strategies Associated with OIG Strategic Plan Goals: (a) provide value-added audit, investigative, and other services; (b) allocate resources based on risk assessments; (c) use proactive analytical tools; (d) conduct effective outreach; (e) cultivate workforce excellence; (f) provide necessary resources; and (g) promote an inclusive workplace environment.

Performance measures are reviewed annually and revised as necessary. Several key performance measures from the Budget Service Program Performance Report are shown below.

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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	100
2015	85	
2016	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	87
2015	80	
2016	80	

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

Year	Target Percent	Actual Percent
2012	90%	92%
2013	90	95
2014	90	96
2015	90	
2016	90	

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	97
2015	70	
2016	70	

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

Year	Target Percent	Actual Percent
2012	70%	82%
2013	70	79
2014	70	78
2015	70	
2016	70	

Additional information: This metric changes from 90 to 120 days starting in FY 2015.

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

Year	Target Percent	Actual Percent
2012	68%	84%
2013	74	87
2014	74	79
2015	74	
2016	74	

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

Year	Target Percent	Actual Percent
2013	75%	75%
2014	75	100
2015	75	
2016	75	

Additional information: This measure was new in 2013.

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

Year	Target Percent	Actual Percent
2012	60%	90%
2013	70	97
2014	70	83
2015	70	
2016	70	

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Measure: Freedom of Information Act responses meeting required deadlines.

Year	Target	Actual
2012	97%	99%
2013	95	94
2014	95	87
2015	95	
2016	95	

Measure: Hotline controlled correspondence processed within the established deadlines.

Year	Target Percent	Actual Percent
2013	95%	100%
2014	95	100
2015	95	100
2016	95	

Additional information: This measure was new in 2013.