

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2017 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, [\$59,256,000] \$61,941,000. (*Department of Education Appropriations Act, 2016*)

OFFICE OF INSPECTOR GENERAL
Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2015	2016	2017
Discretionary appropriation:			
Appropriation	\$57,791	\$59,256	\$61,941
Total, appropriation	57,791	59,256	61,941
Unobligated balance expiring	-1,424	0	0
Total, direct obligations	56,367	59,256	61,941

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Obligations by Object Classification
(dollars in thousands)

Object Class	2015 Estimate	2016 Estimate	2017 Request	Change from 2016 to 2017
11.10 Full-time permanent	\$28,071	\$27,905	\$28,053	\$148
11.31 Full-time temporary	221	1,450	1,457	7
11.32 Part-time	148	121	121	0
11.51 Overtime	0	0	0	0
11.52 Awards	294	297	298	1
Compensation subtotal	28,734	29,773	29,929	156
12.00 Benefits	10,814	11,224	11,371	147
13.00 Benefits for former personnel	0	0	0	0
Comp/benefits subtotal	39,548	40,997	41,300	303
21.00 Travel	1,483	1,286	1,286	0
22.00 Transportation of things	978	225	75	-150
23.10 Rental payments to GSA	5,631	6,001	7,357	1,356
23.31 Communications	160	207	213	6
23.32 Postage/fees	13	12	12	0
Subtotal 23	5,804	6,220	7,582	1,362
24.00 Printing and reproduction	0	0	0	0
25.10 Advisory and assistance services	735	665	651	-14
25.21 Other services	2,042	2,174	2,108	-66
25.22 Training/tuition contracts	537	466	444	-22
25.23 Field readers	0	0	0	0
25.30 Goods/services from Federal sources	1,597	1,211	1,260	49
25.40 Operations/maint of facilities	0	0	0	0
25.70 Operations/maint of equipment	4	13	14	1
25.72 IT services/contracts	4,385	5,047	6,344	1,297
Subtotal 25	9,300	9,576	10,821	1,245
26.00 Supplies	118	129	138	9
31.10 IT equipment/software	396	596	513	-83
31.30 Other equipment	23	38	28	-10
Subtotal 31	419	634	541	-93
32.00 Building alterations	141	189	198	9
43.10 Prompt payment interest	0	0	0	0
Total, Obligations	57,791	59,256	61,941	2,685

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Summary of Changes
(dollars in thousands)

2016.....	\$59,256
2017.....	<u>61,941</u>
Net change	+2,685

Increases:	<u>2016 base</u>	<u>Change from base</u>
<u>Built-in:</u>		
Increase in salaries and benefits due to the proposed 1.6 percent pay raise and increased FERS contribution rates, offset by a decrease of 2 paid days.	\$40,700	+\$302
Increase in GSA rental payments due to anticipated rate increases and tax escalations.	6,001	+1,356
<u>Program:</u>		
Increase in central information technology, primarily for EDCAPS, the Department's core financial system, primarily associated with transition to a new contract, and security authorization.	3,999	+1,401
Net increase in central support non-pay charges.	1,378	+83
Increase in OIG's cost for the audit of the Department's financial statements.	1,018	+52
Increase in interagency agreement for the Council of Inspectors General on Integrity and Efficiency (CIGIE).	161	+24
Net changes in other areas.	3,162	<u>+6</u>
Subtotal, increases		+3,224

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Summary of Changes
(dollars in thousands)

Decreases:	<u>2016 base</u>	<u>Change from base</u>
<u>Program:</u>		
Decrease in other services for car leases due to GSA cost reduction.	\$532	-\$180
Decrease in transportation for permanent changes of station.	225	-150
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.	1,048	-104
Decrease in non-centralized IT equipment purchases.	566	-83
Decrease in training, including centralized training.	466	<u>-22</u>
Subtotal, decreases		-539
Net change		+2,685

Authorizing Legislation
(dollars in thousands)

Activity	2016 Authorized	2016 Estimate	2017 Authorized	2017 Request
Inspector General (DEOA, Section 212)	<u>Indefinite</u>	<u>\$59,256</u>	<u>Indefinite</u>	<u>\$61,941</u>
Total appropriation		59,256		61,941

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Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2008	\$53,239	\$53,239	\$54,239	\$50,849
2009	54,539	54,539 ¹	54,539 ¹	54,539
Recovery Act Supplemental (P.L. 111-5)	0	0	4,000	14,000
2010	60,053	60,053	60,053 ²	60,053
2011	65,238	60,053 ³	65,238 ²	59,933 ⁴
2012	67,187	59,933 ⁵	59,933 ⁵	59,820
2013	62,401	59,820 ⁶	59,820 ⁶	56,691
Transfer (P.L. 113-6)	0	0	0	1,100
2014	62,347	N/A ⁷	59,700 ²	57,791
2015	59,181	N/A ⁷	58,791 ⁸	57,791
2016	59,256	59,256 ⁹	57,791 ⁹	59,256
2017	61,941			

¹ 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.

² The level for the Senate allowance reflects Committee action only.

³ The level for the House allowance reflects the House-passed full-year continuing resolution.

⁴ The level for appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

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

⁶ 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.

⁷ The House allowance is shown as N/A because there was no Subcommittee action.

⁸ The level for the Senate allowance reflects Senate Subcommittee action only.

⁹ The levels for House and Senate allowances reflect action on the regular annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.

OFFICE OF INSPECTOR GENERAL

Office of Inspector General

(Department of Education Organization Act, Section 211)

(dollars in thousands)

FY 2017 Authorization: Indefinite

Budget Authority:

	<u>2016</u>	<u>2017</u>	<u>Change</u>
Personnel costs	\$40,997	\$41,300	+\$303
Non-Personnel costs	<u>18,259</u>	<u>20,641</u>	<u>+2,382</u>
Total	59,256	61,941	+2,685
FTE	244	244	0

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.

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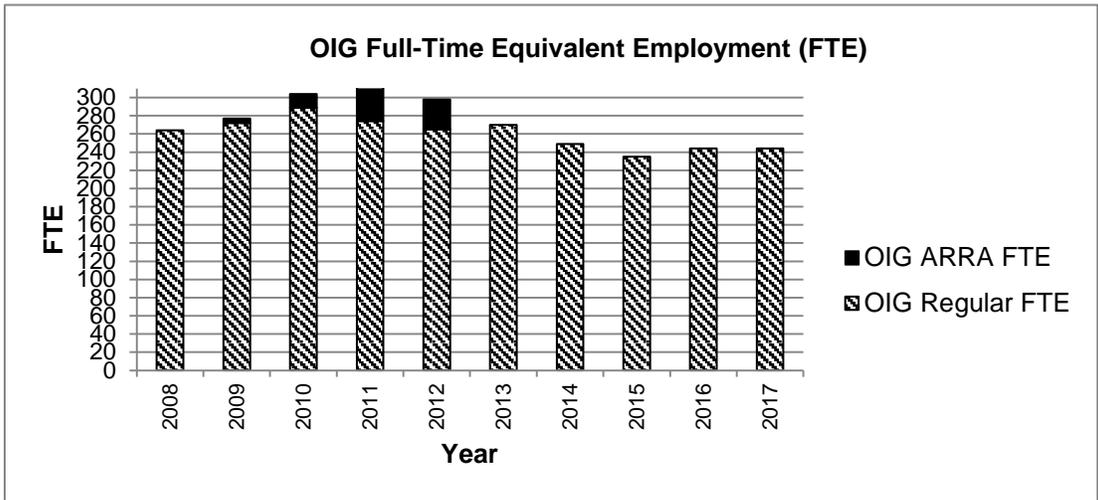
In addition, OIG operates both a website, <http://www.ed.gov/misused>, and a hotline (1-800-MISUSED) that anyone may call to report fraud, waste, or abuse involving Department of Education funds or programs or to make suggestions for saving Federal funds and for ways Federal education services could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

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2012.....	\$59,820,000
2013.....	56,691,000
2014.....	57,791,000
2015.....	57,791,000
2016.....	59,256,000

FY 2017 BUDGET REQUEST

The Office of Inspector General (OIG) requests \$61.9 million and 244 full time equivalents (FTE) for fiscal year (FY) 2017, an increase of \$2.7 million over the FY 2016 level. A 10-year history of the OIG’s staffing is shown in the following chart:



Sixty-seven percent of the requested amount, or \$41.3 million, is for personnel compensation and benefits to support the requested staffing level of 244 FTE. The remaining \$20.6 million is for non-personnel costs, of which \$14.3 million, or 23 percent of the total OIG request, is for administrative and overhead services, such as rent, telecommunications, payroll processing, and information technology (IT), and various service contracts. The remainder of the non-personnel request, \$6.3 million, or 10 percent, is for non-personnel costs that directly support the OIG’s mission, such as travel, training, and the financial statement audit contract. The \$6.3 million also includes a payment of \$185,268 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)(3)(A).

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The scope of OIG planned work in FY 2017 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 also meeting statutory obligations. For example, 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 accrediting agencies' evaluations of direct assessment programs, Federal Student Aid's (FSA) oversight of the development and enhancement of information technology products, FSA's oversight of borrower complaints, and FSA's application of the financial responsibility regulation.

The OIG anticipates conducting reviews of FSA's oversight of contractors involved in such activities as servicing direct loans, collecting on defaulted loans, and operating FSA computer systems. The OIG also plans to look at issues concerning 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), Elementary and Secondary Education Act (ESEA), data reliability, and high-risk grantees. The OIG plans to expend resources to review the calculation and reporting of graduation rates, single audit finding resolution, and protection of student data in State Longitudinal Data Systems. The OIG further plans to evaluate the Department of Education's business operations in areas such as personnel security and contract monitoring.

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 the Department's 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 reauthorization of ESEA, 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. The OIG will also continue to work with OMB and the audit community to evaluate and improve the quality of single audits.

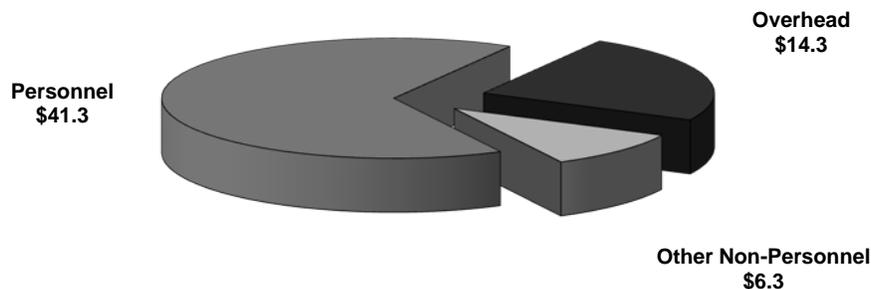
On the investigative side, the OIG must devote considerable resources to combat a dramatic increase in the number of fraud and corruption cases involving charter schools and local school districts. A large number of these complex and resource-intensive investigations involve subjects who are geographically dispersed, which results in greater travel costs for 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 25 percent of all the OIG investigations.

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. The FY 2017 request funds a staffing level of 244, the same as the 2016 level. The

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requested funding would provide staff with the tools needed to perform their work. It also provides funding for FISMA contractor support. Without contractor support, the OIG would have to significantly reduce the scope and coverage of its review of the Department's IT security efforts and limit the type of technical testing performed on the Department's and FSA's data systems and infrastructure. At the FY 2017 requested budget level, the OIG would obtain contractor support for the continued development of data analytics modules that assist in identifying patterns of fraud and risk, allowing the OIG to better target audit and investigative work. The requested budget 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. Requested travel funds 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. The requested staffing level will result in fewer audits and investigations than in past years when OIG had more staff, and limits 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 potential to result in a significant return on investment. Over the past 5 years, 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, two dollars for each dollar it spent.

FY 2017 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 \$648,000 requested for required training of our staff, including amounts designated for the statutorily required training provided by the Federal Law Enforcement Training Center (FLETC), the Inspector General Criminal Investigator Academy

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(IGCIA), and in the Department's centralized services, would satisfy all the OIG's FY 2017 training requirements.



Kathleen Tighe
Inspector General

In FY 2017, the OIG will continue to operate from various locations throughout the country. Approximately 68 percent of the OIG's staff will be assigned to 21 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, Lancaster (CA), St. Simons (GA), Pittsburgh, Phoenix, and Pembroke Pines. The remaining 32 percent will be located in the Washington, DC headquarters office.

FY 2017 Priorities and Goals

The OIG's strategic goals are:

- Goal 1: Improve the Department's ability to effectively and efficiently implement its programs.
- 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.
- 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 necessary to achieve OIG's mission.

The OIG will meet these goals through audits, investigations, 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 2017 budget request of \$41.3 million for personnel compensation and benefits is an increase of \$303,000 from the FY 2016 level. The request covers a proposed 1.6 percent Governmentwide pay raise for FY 2017, as well as increased benefits costs, offset by 2 fewer

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paid days in 2017. 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 2017 is the same as the FY 2016 level. The 244 FTE for FY 2017 will be used to support audit and investigation activities, as well as IT audits and computer crime investigations (cyber security) for all Department programs. This limited staff level is responsible for providing oversight of the Department, which administers over 100 educational programs and is responsible for approximately \$69 billion in discretionary/formula grants and a loan portfolio of over \$1 trillion. The funding is distributed to 56 State and territorial educational agencies, more than 16,000 school districts, and over 6,000 institutions of higher education.

The OIG continues to hire personnel to maintain necessary staffing levels.

Audit Priorities

In FY 2017, 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 OIG's work may examine such issues as increased defaults, questionable debt collection practices, impact of income-driven repayment plans, 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 may assess the Department's diligence in making and consolidating loans, addressing borrower complaints, the Department's oversight of the Free Application for Student Aid verification process, and managing Title IV Additional Servicers and the increasing number of non-profit servicers.
- **New programs and requirements** — Over the past 6 years, the Higher Education Act and its regulations have been amended numerous times, implementing new programs and requirements. The OIG oversight may focus on areas such as the Department's Experimental Sites Initiative.
- **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

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OIG has consistently identified problems with FSA's contract oversight. In 2017, 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 also plans to review 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 plans to 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 plans to conduct follow-up audits on past work or audits of emerging areas.

State and Local Programs

- **IDEA** — The OIG plans to address a variety of issues related to IDEA funding in traditional and online charter schools. Specific areas of focus may include an assessment of State performance standards under IDEA and the potential impact of differing standards among States.
- **ESEA** — The OIG plans to audit key areas such as charter schools, school improvement, and services for homeless children.
- **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 plans to review selected SEAs and LEAs for compliance and general administrative capability. The OIG also plans to review States' implementation of complex discretionary grant programs.

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- **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 plans to examine the accuracy of grantee data, including reviewing performance data related to the Vocational Rehabilitation State Grant and Adult Education programs. The OIG will also plan to assess systems of internal control over calculating and reporting graduation rates and review the Department's processes to ensure the accuracy and reliability of select K-12 data.

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 plans to 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 plans to 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 plans to devote resources to reviews that impact the Department's business operations. This includes planned work to assess the Department's contractor personnel security screening process, 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 ability to identify fraud and reporting by State and local officials resulting from OIG outreach efforts. For example, the OIG continues to investigate providers of Supplemental Educational Services. Fraud by SES providers involve falsified student rosters and fictitious billing for student tutoring

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services, which often go undetected due to weak internal controls and in some cases, corrupt public officials.

Investigation Services established a nationwide initiative of stakeholder outreach and fraud awareness training, which is in the 2nd year of a 3-year cycle. The OIG's mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. To achieve this mission, Investigation Services conducts investigations and provides other assistance, including outreach and fraud awareness training, to help ensure integrity in the Department's operations and programs and identify opportunities for improvement. Investigation Service staff provides 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. The experience and expertise of the Special Agents who provide these outreach activities is critical to the successful achievement of the OIG's mission.

The OIG strives to investigate matters with the highest priority (established by the OIG 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 2017, the OIG anticipates focusing on the following areas:

- **Postsecondary Institutions** — The OIG will continue to devote significant resources to conducting criminal and civil investigations of postsecondary schools (i.e., for-profit, public, and private nonprofit 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 September 2015, the OIG had 38 ongoing investigations of postsecondary institutions, representing about 15 percent of the OIG investigative inventory.
- **Charter Schools** — The OIG will continue to conduct criminal investigations of fraud in charter schools. Since FY 2005, the OIG has opened 69 charter school investigations resulting in 44 indictments, 34 convictions, and over \$12.6 million recovered to date.
- **State and Local School Corruption** — The OIG will continue to focus significant resources on allegations of bribery and theft involving State and local public school officials. From FY 2008 to FY 2015, the OIG investigations involving State or local education agencies have resulted in 175 indictments.
- **Distance Education** — The OIG will continue to conduct criminal investigations involving fraud resulting from the vulnerabilities associated with the delivery of distance education. Investigations in this area represent about 18 percent of all the OIG investigations.
- **Whistleblower and Recovery Act Fraud** — The OIG will continue to conduct 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.

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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 activity 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 the Department's 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 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 \$20.6 million for non-personnel costs, an increase of \$2.4 million from the FY 2016 level. Of the total, \$14.3 million is for departmental centralized services (overhead expenses), including the Department's IT infrastructure and support contract (EDUCATE), and \$6.3 million is for other non-personnel operational costs.

Departmental Centralized Services

The OIG request of \$14.3 million for overhead is an increase of \$2.8 million over the FY 2016 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 the Department EDUCATE contract, which covers IT equipment, telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent and EDUCATE use approximately 89 percent of the centralized services resources.

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Centralized Services

(dollars in thousands)

Item	2016	2017 Request	Difference
Rent	\$6,001	\$7,357	+\$1,356
IT and telecommunications services and contracts	3,999	5,400	+1,401
Interagency agreements	838	860	+22
Other	670	736	+66
Non-Pay Centralized Services	\$11,508	\$14,353	+\$2,845

Other Non-Personnel Costs

Travel

The OIG is requesting \$1.3 million in travel funds, the same as the FY 2016 level. The requested amount for FY 2017 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. The 2017 travel request has been constrained because of the increases in rent and central IT costs.

Most OIG work involves travel to SEAs, LEAs, schools, other grantees, guaranty agencies, contractors, 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 other related work.

Advisory and Assistance Services

The OIG is requesting \$651,000, a decrease of \$14,000 below the FY 2016 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 \$1.1 million, an increase of \$52,000 over the FY 2016 level, primarily to contract with an independent certified public accounting firm to audit the Departmentwide

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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 the Departmentwide financial statements, FSA's financial statements, and the Closing Package financial statements. Audits will examine and analyze account balances, review applicable financial systems, and evaluate internal controls and compliance with significant laws, regulations, contracts, and grant agreements. Audit results will assess the fair presentation of the financial statements, make recommendations for improving financial management, accountability and stewardship, and identify areas requiring further review by management.

The OIG is requesting \$352,000 for car leases, a reduction of \$180,000 from the 2016 level. The funding is reduced due to GSA cost reductions. Further reductions to car leases could cause an increase in travel expenses.

Training

The OIG is requesting a total of \$648,000, a decrease of \$22,000 from FY 2016 for the training of auditors, investigators, inspectors, and business operations staff. The training request is divided among three separate sections in the FY 2017 Budget Request—Other Non-Personnel Costs, Departmental Centralized Services, and Interagency Agreements. Under the other non-personnel section, the OIG is requesting \$309,000 for OIG-specific staff training, a decrease of \$27,000 from the FY 2016 level. Also, within the departmental centralized services section, the OIG requests \$135,000 in support of Department training operations, which reflects an increase of \$5,000 from the FY 2016 level. In addition, within the interagency agreements section, the OIG requests \$204,000, the same as the FY 2016 level, to cover Federal Law Enforcement Training Center (FLETC) and Inspector General Criminal Investigator Academy (IGCIA) costs for the OIG investigations staff.

Training funds are needed to provide professional and statutorily mandated training for the OIG's 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's 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 address ever increasing computer requirements and processes, as well as combat new threats and weaknesses.

To control 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

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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 OIG community-sponsored training events.

Interagency Agreements

The OIG request includes \$185,268 in FY 2017 to cover the OIG's funding support for the Council of Inspectors General on Integrity and Efficiency (CIGIE). This contribution is 0.3 percent of the OIG FY 2016 designated funding level based on a total budget request of \$61.9 million, including the CIGIE amount. Other interagency agreements covering a variety of services provided by other Federal agencies, such as FLETC/IGCIA training, mandated biannual physicals for investigators, and the use of firearms ranges, total \$215,000, an increase of \$3,000 from the FY 2016 level.

Equipment Operations/Maintenance

For FY 2017, the OIG requests \$14,000, an increase of \$1,000 from the FY 2016 level, for maintenance of copiers and heating, ventilation, and air conditioning units.

IT Services/Contracts

For FY 2017, the OIG is requesting \$944,000, a decrease of \$104,000 from the FY 2016 level, for contracts for system support and expertise. These contracts include \$690,000 for senior programmer services and maintenance for various OIG systems and applications, \$158,000 for software licenses, \$21,000 for Oracle services and support for IT security operations, computer forensics, and data mining experts, \$16,000 for OIG-specific items under EDUCATE, and \$59,000 for IT hardware. None of these purchases are covered by centralized IT funding.

IT Equipment/Software

The OIG is requesting \$483,000, a decrease of \$83,000 from the FY 2016 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 \$5.4 million from the OIG for centralized IT and telecommunications contract support, an increase of \$1.4 million from the FY 2016 level. The OIG's combined central and non-central request for IT services, contracts, equipment and software FY 2017 is \$6.9 million.

Building Alterations

The OIG's request includes \$198,000, an increase of \$9,000 from the FY 2016 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 2016 level in the following items:

- Communications: \$23,000 for overnight shipping and \$190,000 for other communications, an overall increase of \$6,000.
- Contracts for other services: \$133,000, an increase of \$1,000.
- Supplies: \$132,000, an increase of \$9,000.
- Other equipment: \$28,000, a decrease of \$10,000.

PROGRAM PERFORMANCE INFORMATION

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

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.

Goals: (1) improve the Department's ability to effectively and efficiently implement its programs, (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, (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 necessary to achieve OIG's mission.

Strategies: (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
2013	85%	100%
2014	85	100
2015	85	100
2016	85	
2017	85	

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

Year	Target Percent	Actual Percent
2013	80%	93%
2014	80	87
2015	80	93
2016	80	
2017	80	

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

Year	Target Percent	Actual Percent
2013	90%	95%
2014	90	96
2015	90	99
2016	90	
2017	90	

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

Year	Target Percent	Actual Percent
2013	70%	95%
2014	70	97
2015	70	97
2016	70	
2017	70	

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Measure: Complaints of fraud, waste, and abuse evaluated and closed with a final disposition within 120 days.

Year	Target Percent	Actual Percent
2013	70%	79%
2014	70	78
2015	75	80
2016	75	
2017	75	

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

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

Year	Target Percent	Actual Percent
2013	74%	87%
2014	74	79

Additional information: This metric was split into Investigation Services investigations and ITACCI investigations starting in FY 2015.

Measure: Investigations closed by Investigations Services that resulted in a criminal, civil or administrative action, or monetary result.

Year	Target Percent	Actual Percent
2015	74%	80%
2016	74	
2017	74	

Additional information: This metric started in FY 2015.

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Measure: Investigations closed by ITACCI that resulted in a criminal, civil or administrative action, or monetary result

Year	Target Percent	Actual Percent
2015	65%	56%
2016	65	
2017	65	

Additional information: This metric started in FY 2015.

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

Year	Target Percent	Actual Percent
2013	75%	75%
2014	75	100
2015	75	100
2016	75	
2017	75	

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

Year	Target Percent	Actual Percent
2013	70%	97%
2014	70	83
2015	70	70
2016	70	
2017	70	

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Measure: Freedom of Information Act responses meeting required deadlines.

Year	Target	Actual
2013	95%	94%
2014	95	87
2015	95	90
2016	95	
2017	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	
2017	95	