

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2020 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, [~~\$61,143,000~~] \$63,418,000, of which \$2,000,000 is available until expended. (*Department of Education Appropriations Act, 2019*)

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Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2018	2019	2020
Discretionary appropriation:			
Appropriation.....	\$61,143	\$61,143	\$63,418
Transfer from Department of Education, Bipartisan Budget Act of 2018, for Inspector General.....	<u>4,000</u>	<u>0</u>	<u>0</u>
Subtotal, discretionary appropriation	65,143	61,143	63,418
Bipartisan Budget Act of 2018 unobligated balance, start of year	0	4,000	2,917
Unobligated balance, expiring	-491	0	0
Bipartisan Budget Act of 2018 unobligated balance, end of year	<u>-4,000</u>	<u>-2,917</u>	<u>-1,714</u>
Total, direct obligations.....	60,652	62,226	64,621

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Obligations by Object Classification

(dollars in thousands)

	Object Class	2018 Actual	2019 Appropriation	2020 Request	Change from 2019 to 2020
11.10	Full-time permanent	\$25,838	\$29,294	\$30,268	\$974
11.31	Full-time temporary	247	123	123	0
11.32	Part-time	142	123	123	0
11.51	Overtime	1,996	0	0	0
11.52	Awards	<u>476</u>	<u>501</u>	<u>501</u>	<u>0</u>
	Compensation subtotal	28,699	30,041	31,015	974
12.00	Benefits	10,799	11,266	11,622	356
13.00	Benefits for former personnel	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Comp/benefits subtotal	39,498	41,307	42,637	1,330
21.00	Travel	1,165	1,372	1,396	24
22.00	Transportation of things	0	0	0	0
23.10	Rental payments to GSA	6,288	6,671	6,916	245
23.31	Communications	167	185	191	6
23.32	Postage/fees	<u>1</u>	<u>2</u>	<u>4</u>	<u>2</u>
	Subtotal 23	6,456	6,858	7,111	253
24.00	Printing and reproduction	7	1	1	0
25.10	Advisory and assistance services	743	306	327	21
25.21	Other services	2,213	2,311	2,394	83
25.22	Training/tuition contracts	304	416	537	121
25.30	Goods/services from Federal sources	1,411	1,307	1,513	206
25.40	Operations/maint of facilities	0	0	0	0
25.70	Operations/maint of equip.	3	6	5	-1
25.72	IT services/contracts	<u>7,136</u>	<u>6,354</u>	<u>6,374</u>	<u>20</u>
	Subtotal 25	11,810	10,700	11,150	450
26.00	Supplies	112	98	95	-3
31.10	IT equipment/software	908	746	855	109
31.30	Other equipment	<u>52</u>	<u>23</u>	<u>75</u>	<u>52</u>
	Subtotal 31	960	769	930	161
32.00	Building alterations	<u>644</u>	<u>38</u>	<u>98</u>	<u>60</u>
	Subtotal, Obligations	60,652	61,143	63,418	2,275
	Subtotal, Bipartisan Obligations	<u>0</u>	<u>1,083</u>	<u>1,203</u>	
	Total, Obligations	60,652	62,226	64,621	

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Summary of Changes
(dollars in thousands)

2019.....	\$61,143
2020.....	<u>63,418</u>
Net change	+2,275

Increases:	<u>2019</u> <u>Appropriation</u>	<u>Change from</u> <u>Appropriation</u>
<u>Built in:</u>		
Increase of 7 additional FTE and increase salaries and benefits due to one additional paid day, and increased benefits for FERS contributions rate.	\$41,307	+\$1,330
Increase in rental payments to GSA.	6,671	+245
<u>Program:</u>		
Travel	\$1,372	+\$24
Training	298	+68
Increase in OIG's cost for IT Equipment/Software	746	+109
Increase in OIG's share of the Department's Central Support non-personnel costs.	1,590	+264
Increase in building alterations	38	+60
Net change in other areas.	9,423	<u>+175</u>
Subtotal, increases		+2,275
Net changes		+2,275

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Authorizing Legislation
(dollars in thousands)

Activity	2019 Authorized	2019 Appropriation	2020 Authorized	2020 Request
Inspector General (<i>DEOA, Section 212</i>).....	<u>Indefinite</u>	<u>61,143</u>	<u>Indefinite</u>	<u>\$63,418</u>
Total appropriation		61,143		63,418

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Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2011	65,238	60,053 ¹	65,238 ¹	59,933 ¹
2012	67,187	59,933 ²	59,933 ²	59,820
2013	62,401	59,820 ³	59,820 ³	56,691
Transfer (P.L.113-6)	0	0	0	1,100
2014	62,347	N/A ⁴	59,700 ⁴	57,791
2015	59,181	N/A ⁵	58,791 ⁵	57,791
2016	59,256	59,256 ⁶	57,791 ⁶	59,256
2017	61,941	59,256 ⁷	59,256 ⁷	59,256 ⁷
2018	61,143	59,256 ⁸	61,143 ⁸	61,143 ⁸
2019	63,418	61,143 ⁹	61,143 ⁹	61,143 ⁹
2020	63,418			

¹ The level for the House allowance reflects the House-passed full-year continuing resolution; Senate allowance reflects Committee action only; the Appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

² The level for the House allowance reflects an introduced bill and the level for the Senate allowance reflects Senate Committee action only.

³ The levels for the House and Senate allowances reflect action on the regular annual 2013 appropriations bill, which proceeded in the 112th Congress only through the House Subcommittee and the Senate Committee.

⁴ The House allowance is shown as N/A because there was no Subcommittee action; Senate allowance reflects Committee action only.

⁵ The House allowance is shown as N/A because there was no Subcommittee action; Senate allowance reflects Senate Subcommittee action only.

⁶ 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.

⁷ The levels for the House and Senate allowances reflect Committee action on the regular annual 2017 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2017.

⁸ The level for the House allowance reflects floor action on the Omnibus appropriation bill; the Senate allowance reflects Committee action on the regular annual 2018 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2018 (P.L. 115-141).

⁹ The levels for the House and Senate Allowance reflect Committee action on the regular annual 2019 appropriations bill; the Appropriation reflects enactment of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (P.L. 115-245).

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Office of Inspector General

(Department of Education Organization Act, Section 212)

(dollars in thousands)

FY 2020 Authorization: Indefinite

Budget Authority:

	2019 <u>Appropriation</u>	2020 <u>Request</u>	<u>Change</u>
Personnel Compensation and Benefits Costs	\$41,307	\$42,637	+\$1,330
Non-Personnel Costs	<u>19,836</u>	<u>20,781</u>	<u>+945</u>
Total	61,143	63,418	+2,275
FTE	241*	248*	7

*Excludes 6 FTE associated with Bipartisan Budget Act of 2018.

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 the 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.

The 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 make these inquiries.

To carry out its responsibilities, the 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 OIG also investigates allegations of fraud by recipients of program funds and of employee misconduct involving the Department's programs and operations.

In addition, the OIG operates a hotline website in five languages (<https://oighotline.ed.gov>) and monitors a hotline phone number (1-800-MISUSED) where anyone may report fraud, waste, or abuse involving Department of Education funds or programs. Each month the hotline has approximately 200 telephone contacts and approximately 300 complaints. Since the middle of fiscal year 2016, the OIG hotline has had to evaluate over 100 additional complaints per month

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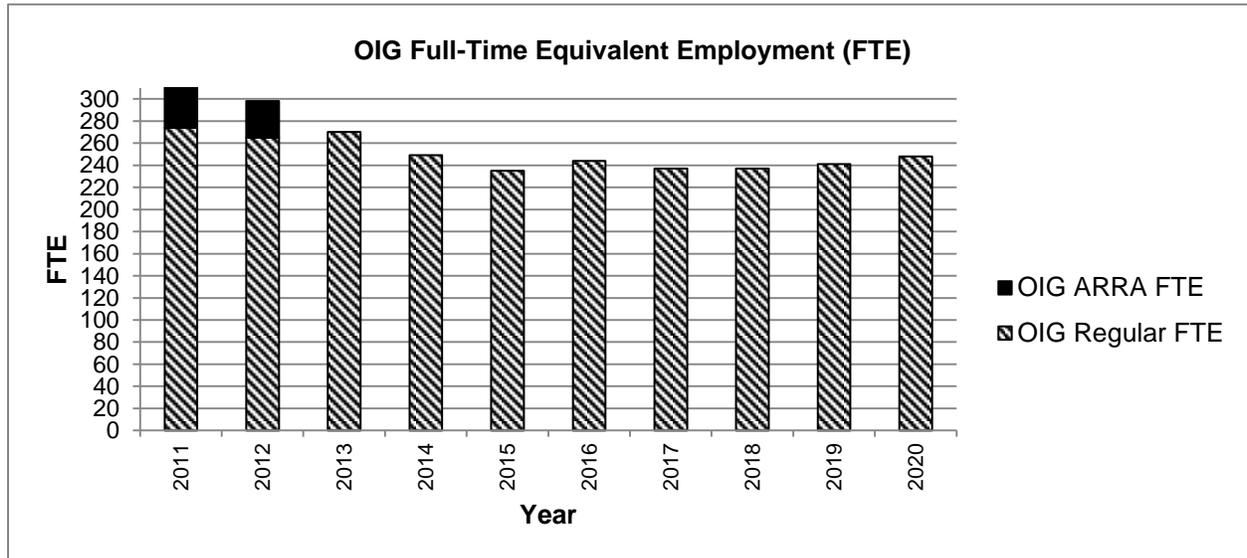
that were received as suspicious activity reports through Federal Student Aid’s (FSA) Feedback system.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2015.....	57,791
2016.....	59,256
2017.....	59,256
2018.....	61,143
2019.....	61,143

FY 2020 BUDGET REQUEST

For fiscal year 2020, the Budget Request includes \$63.4 million and 248 full-time equivalents (FTE) employment for the Office of Inspector General, an increase of \$2.3 million over the fiscal year 2019 appropriation of \$61.1 million. With the additional funding, the requested FTE level for fiscal year 2020 is 248. A 10-year history of the OIG’s staffing is shown in the following chart:



Sixty-seven percent of the requested amount, or \$42.6 million, is for Personnel Compensation and Benefits (PC&B) to support the requested staffing level of 248 FTE. The remaining \$20.8 million is for Non-Personnel costs, of which \$14.5 million, or 22 percent of the total OIG request, is for Departmental Centralized Services such as rent, telecommunications, payroll processing, information technology (IT), and various service contracts. The remainder of the Non-Personnel request, \$6.3 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. The \$6.3 million also includes a payment of \$139,077 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); 5 U.S.C. app 3 § 5(g).

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The scope of the OIG planned work in fiscal year 2020 will cover multiple diverse and evolving programs. The OIG's limited resources will be significantly stretched in order to conduct work that focuses on high-risk programs and operations, while also meeting statutory obligations. For example, audits of Federal student assistance programs, which involve over \$1.4 trillion of taxpayer dollars, are a priority. The OIG will focus on issues such as FSA's implementation of new initiatives, FSA's oversight of its business partners, and school accountability.

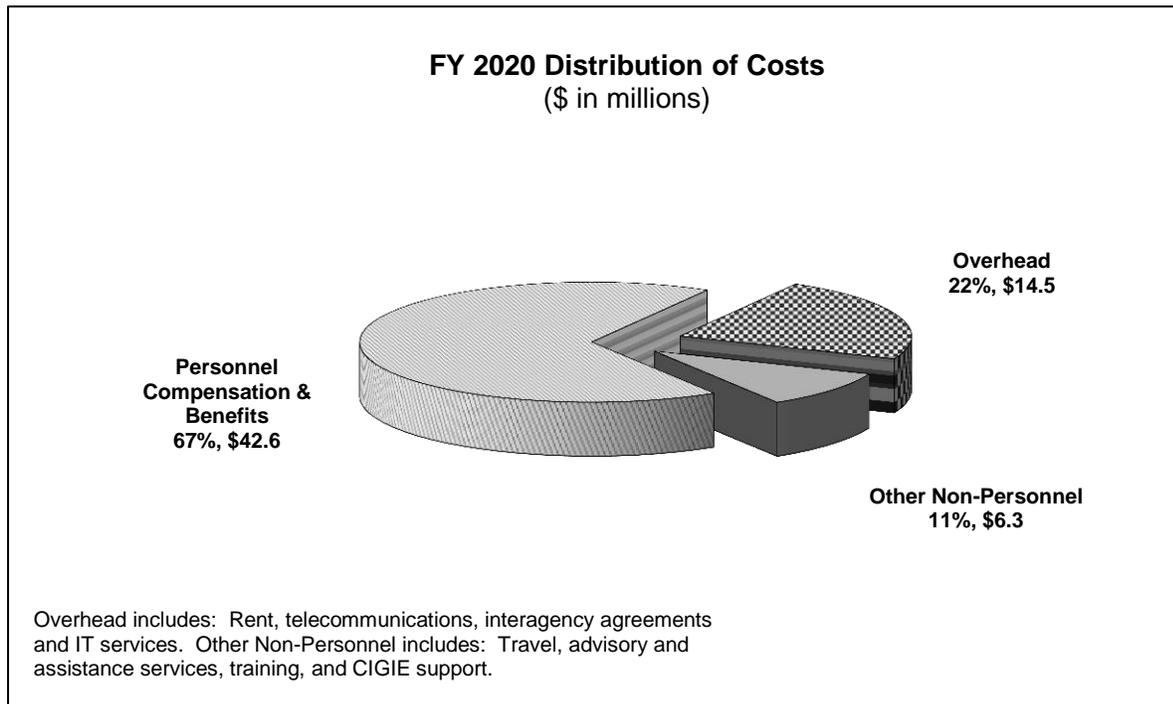
For State and local education programs, the OIG will focus significant resources on areas related to the disaster recovery assistance programs, statewide accountability systems under the Every Student Succeeds Act (ESSA), the Department's control over Student and Academic Enrichment program grants, and school choice. The OIG further plans to evaluate the Department of Education's business operations in areas such as human resources, the implementation of the Federal Information Technology Acquisition Reform Act (FITARA), and Office for Civil Rights' complaint dismissal process.

The OIG also must devote significant resources to 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 Modernization Act of 2014 (FISMA), the Improper Payments Elimination and Recovery Act, and the Digital Accountability and Transparency Act. The OIG will 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 proprietary school compliance and financial statement audits of the recipients of Department funds. Further, the OIG will continue to work with the Department and the Office of Management and Budget (OMB) as they update the Single Audit Compliance Supplement to address risk and statutory changes. Lastly, the OIG will continue to work with OMB and the audit community to evaluate and improve the quality of single audits, including providing training to non-Federal auditors.

On the investigative side, the OIG must devote considerable resources to combat an 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 OIG also will continue to work a significant number of cases involving fraud rings in postsecondary distance education programs, even though the OIG issued a report recommending that the Department implement program improvements to reduce this fraud. The distance education fraud ring investigations represent, on average, 28 percent of the cases conducted by the OIG since fiscal year 2012.

The OIG will continue to focus resources on high-risk areas and work that will result in improved oversight by the Department of its programs and operations. 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—more than two dollars for each dollar it spent.

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In accordance with the Inspector General Act, 5 U.S.C. app 3 § 6, the Inspector General has certified that the amount 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 (IGCIA), and in the Department's centralized services, would satisfy all the OIG's fiscal year 2020 training requirements.

In fiscal year 2020, the OIG will continue to operate from various locations throughout the country. Approximately 62 percent of the OIG's staff will be assigned to 16 regional and field office locations in New York, Boston, San Juan (Puerto Rico), Philadelphia, Atlanta, Chicago, Ann Arbor, Nashville, Dallas, Denver, Kansas City, Sacramento, Long Beach, Pittsburgh, Phoenix, and Pembroke Pines. The remaining 38 percent will be located in the Washington, D.C., headquarters office.

FY 2020 Priorities and Goals

The OIG's strategic goals are the following:

- Goal 1: Deliver high-quality, timely, and impactful products and services that promote efficiency, effectiveness, and integrity in the Department's operations and programs.
- Goal 2: Cultivate a diverse, highly skilled, and inspired workforce with sufficient resources to carry out the OIG's mission.
- Goal 3: Implement internal processes that promote organizational effectiveness, stewardship of resources, and accountability.

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The OIG will meet these goals through audits, investigations, human capital planning, enterprise risk management, 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.

Bipartisan Budget Act of 2018

In fiscal year 2018, the OIG received \$4 million in no-year funds to conduct audits and investigations through the Bipartisan Budget Act of 2018, which provided disaster relief funding. The Department is authorized \$2.7 billion of funding by the Bipartisan Budget Act of 2018 to be used to help K-12 school districts and schools as well as institutions of higher education (IHEs) in their recovery efforts.

Based on the current plans to oversee this work, the OIG is projected to obligate more than 50 percent of the funds through fiscal year 2020. All comparisons in the narrative below exclude the Bipartisan Budget Act of 2018 funding.

No-Year Funding

The OIG is requesting language that would allow, of the amount appropriated, \$2 million in no-year funding. The need for the additional flexibility is for two main reasons: (1) due to historical delays in hiring, multiyear funds provide additional flexibility to allow the OIG to restore its FTE level; and (2) since 22 percent of the OIG budget is associated with common support provided by the Department, multiyear funds allow for flexibility when funds are returned to the OIG at the end of the fiscal year, or if costs come in higher than expected.

Personnel Compensation and Benefits (PC&B) Costs

The fiscal year 2020 Budget Request of \$42.6 million for Personnel Compensation and Benefits is an increase of \$1.3 million over the fiscal year 2019 appropriation. The PC&B increase covers an additional seven FTE, increased PC&B costs associated with an additional paid day, and increased FERS contributions in fiscal year 2020.

The fiscal year 2020 request includes 248 FTE to support audit and investigation activities, as well as IT audits and computer crime investigations (cybersecurity) for all Department programs. This staff level is responsible for providing oversight of the Department, which administers more than 100 programs that involve 55 State and territorial educational agencies, approximately 18,300 school districts, 132,000 schools, more than 6,000 institutions of higher education, and numerous other grantees and sub-grantees. In addition, the Department's fiscal year 2019 appropriation included a discretionary budget of approximately \$71 billion, and it manages an outstanding loan portfolio of \$1.3 trillion.

The additional FTE are also a step towards moving the OIG to its historical FTE level. Prior to fiscal year 2014, the OIG dropped below 270 FTE only 4 times in its history: 1982 (269 FTE), 2000 (262 FTE), 2004 (268 FTE), and 2008 (264 FTE). Since fiscal year 2014, the OIG has had fewer than 250 FTE each year, with the lowest point being 224 FTE in fiscal year 2018. Having adequate FTE is essential for the OIG to fulfil its mission.

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The 2020 Request also covers law enforcement availability pay (required by 5 U.S.C. § 5545) paid to criminal 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.

Audit Priorities

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

- **William D. Ford Federal Direct Loan Program**

As the Direct Loan portfolio continues to increase every year, so does the risk and costs to provide the credit and manage and service the loan portfolio. Audits may assess the Department's implementation of new initiatives, analyze FSA's loan portfolio, review the Federal recognition process for the Accrediting Council for Independent Colleges and Schools, and evaluate the oversight of the servicing and collection of delinquent and defaulted loans.

- **Contractors**

FSA relies on contractors to operate its computer systems and perform many of the functions necessary to process, award, service, and account for student aid. The OIG has consistently identified problems with FSA's contract oversight. In fiscal year 2020, the OIG's work on FSA's contractor oversight will concentrate on FSA's ability to effectively oversee contractors that service student loans for the Department and review the acceptability of schools' annual audit report submissions.

- **School Compliance Issues:**

- **Postsecondary Institutions**— The OIG plans to continue to conduct audits of proprietary, non-profit, and public schools. The interests of schools may not always align with the purposes of the Federal student financial assistance programs and could harm students and lead to the misuse of Federal funds. Planned and ongoing work may include school's verification of applicant data, compliance with incentive compensation law and regulations, use of online program management providers, and compliance with Career Pathway program and Ability to Benefit requirements.
- **Department Oversight and Monitoring of Student Financial Assistant 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 continue reviews of FSA's Ombudsman Group's processes to handle borrower complaints, FSA's controls over the Free Application for Federal Student Aid verification process, and the Department's controls over schools' Clery Act reporting. The OIG also plans to conduct audits of emerging areas.

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State and Local Programs

- **Disaster Recovery**— The Bipartisan Budget Act of 2018 authorized \$2.7 billion to help the recovery efforts of States, school districts, schools, and institutions of higher education that were impacted by Hurricanes Harvey, Irma and Maria and the 2017 California wildfires. The Department is in the process of awarding funds to affected areas. The OIG plans to perform work that includes reviews of funding allocations, data reliability, and uses of funds under five programs: Immediate Aid to Restart School Operations, Emergency Impact Aid for Displaced Students, Assistance for Homeless Children and Youth, Emergency Assistance to Institutions of Higher Education, and Defraying Costs of Enrolling Displaced Students in Higher Education.
- **Every Student Succeeds Act (ESSA)**— ESSA reauthorized the Elementary and Secondary Education Act. ESSA was a departure from its predecessor, as it provides States with more flexibility and control over education policy. States are implementing accountability plans, and the Department must develop oversight processes to ensure that the plans are being followed. The OIG plans to review States' implementation of their ESSA State Plans and the Department's oversight of ESSA Statewide accountability systems.
- **Individuals with Disabilities Education Act (IDEA)**— IDEA ensures services to children with disabilities and governs how states and public agencies provide early intervention, special education, and related services. Our ongoing work includes State Educational Agencies' oversight over virtual school implementation of IDEA.
- **Charter Schools**— The Department's Charter Schools Program provides funding that is intended to help create new public charter schools, replicate high-quality public charter schools, and disseminate information about effective practices within charter schools. The OIG's ongoing work includes reviews relating to Charter School Program Grants for Replication and Expansion of High-Quality Charter Schools. This includes both the Department's program oversight and implementation by selected grantees.

Departmental Operations

- **FITARA**— FITARA was enacted to improve the acquisition and management of Federal information technology (IT) assets. OMB has published related guidance to ensure that FITARA is applied consistently governmentwide in a way that is both workable and effective. The Department contracts for many IT systems that support critical activities such as loan servicing and debt collection, technical assistance for grantees, and education research and program evaluations. The OIG's ongoing work includes a review of the Department's implementation of FITARA.
- **Business Operations**— The effectiveness and efficiency of the Department's business operations are critical to ensure its capability to successfully manage its programs and protect its assets. The OIG regularly devotes resources to reviews that assess the Department's business operations and identify opportunities for improvement. Our planned

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and ongoing work includes audits to assess selected aspects of the Department's human resources functions, required assessments of the Department's purchase card and travel card programs, and the Office for Civil Rights complaints dismissal process.

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 ESSA-funded programs. The OIG will also continue to investigate only the most significant fraud rings targeting Title IV through distance education.

Investigations of State and local programs are on the rise due in part to an increased ability to identify fraud and reporting by State and local officials resulting from the OIG outreach efforts. For example, the OIG continues to investigate providers of Supplemental Educational Services (SES) despite significant changes in the program. Fraud by SES providers involves 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. Based on current investigative activity and reporting, the OIG anticipates an increase in the number of investigations involving another non-school-hours program, 21st Century Community Learning Centers. Although this program may not continue to be funded by Congress, funds have already been disbursed.

Another area of concern requiring further investigation is related to total and permanent disability discharges of federal student loans. Due to information uncovered during a recent, successful case involving disability discharges, coupled with a rapid increase in discharges and apparent weaknesses in the program, OIG anticipates that there is significant fraud in this program. However, due to reduced staffing, the OIG will be limited in how aggressively it can proactively address this area.

Investigation Services updated its nationwide stakeholder outreach and fraud awareness training initiative. The initiative covers a 3-year cycle and will incorporate outreach opportunities through social media. The outreach plan supports OIG's mission to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. Investigation Services conducts investigations and provides other assistance, including outreach, fraud awareness training, and stakeholder education to help ensure the integrity of the Department's operations and programs and identify opportunities for improvement. The OIG can increase its brand awareness and educate both Department employees and external customers on how to recognize fraud, waste, and abuse, and the mechanisms available for reporting concerns, through social media and traditional outreach. The OIG's success relies on the experience and expertise of the criminal investigators who execute these outreach activities. This plan aims to maximize outreach efficiency to ensure sufficient funds are available for essential investigative travel.

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. OIG investigations are often based on complex regulatory schemes,

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involve persons and entities that are geographically dispersed, and can take several years to fully develop and resolve — but can result in significant recoveries for the Federal government.

In fiscal year 2020, 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. In fiscal year 2018, our postsecondary investigations resulted in the recovery of approximately \$42 million. These investigations currently represent approximately 63 percent of OIG’s investigative inventory.
- **Elementary and Secondary Education Fraud**—The OIG will continue to focus significant resources on allegations of bribery and theft involving State and local public school officials. From fiscal year 2014 to fiscal year 2018, the OIG investigated 112 cases involving elementary and secondary education programs. During that time, these investigations have resulted in 130 indictments and 63 convictions securing more than \$60.8 million in restitution, fines, and civil recoveries.
- **Charter Schools**—The OIG will continue to conduct criminal investigations of fraud in charter schools. From fiscal year 2014 through fiscal year 2018, the OIG conducted 44 investigations, which represented 39 percent of the OIG’s Elementary and Secondary inventory. During that time, charter school investigations resulted in 10 indictments, 15 convictions, and the recovery of over \$13 million.
- **Distance Education Fraud**—The OIG will continue to conduct criminal investigations involving fraud resulting from the vulnerabilities associated with the delivery of distance education; however, due to limited investigative resources, the OIG will generally focus on only cases involving a significant financial loss. Distance education fraud rings represent, on average, 19 percent of the cases conducted by the OIG between fiscal years 2014 and 2018. Currently these investigations represent about 25 percent of all open OIG cases. The OIG will continue to refer other matters to the Department so that future disbursements can be stopped. From fiscal year 2014 to fiscal year 2018, investigations in this area resulted in 181 indictments, 167 convictions, and recoveries of approximately \$18.5 million. The OIG also referred to the Department distance education matters not investigated by the OIG totaling more than \$18.4 million in potential fraud.
- **Disability Discharges**—In fiscal year 2017, the Department discharged approximately \$4.0 billion in student loans due to total and permanent disability. This figure has increased steadily from \$2.3 billion since fiscal year 2013. Based on recent investigative activity, the OIG believes there is significant fraud in this area, and the OIG has initiated a proactive investigative project to identify it. The OIG anticipates it will have a significant number of investigations in this area in fiscal year 2020 but may be limited in the resources it can dedicate to these investigations.

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- **Whistleblower and Retaliation Investigations**—The OIG will continue to conduct administrative investigations of whistleblower reprisal complaints, as well as to evaluate the underlying allegations to determine if criminal or civil investigations are warranted. Due to increased awareness, as well as legislative changes that now cover sub-grantees, OIG has seen the number of whistleblower reprisal complaints increase from 4 to 35 (775%) from FY 2016 to FY 2018. This has resulted in an increase in the number of inquiries initiated by the OIG to resolve these allegations from 3 to 29 (867%).

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, financial document analysis, and data analytics.

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 educational agencies (SEA) and local educational agencies (LEA) Ranking 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 and unauthorized access 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 systemic IT security problems as new threats emerge. OIG cybercrime investigators also conduct advanced digital forensics in support of high-technology investigations, as well as supporting traditional white-collar fraud cases.

The OIG IT audit efforts will include assessing the effectiveness of the Department's information security program as mandated by FISMA. As part of that review, 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

OIG is requesting \$20.8 million in fiscal year 2020 for Non-Personnel costs, an increase of \$1.0 million over the fiscal year 2019 Appropriation. Of the total, \$14.5 million is for Departmental Centralized Services (overhead expenses), including the Department's IT infrastructure and support contracts (Department IT contracts), and \$6.3 million is for other non-personnel operational costs.

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Departmental Centralized Services

OIG is requesting \$14.5 million in fiscal year 2020 for Non-Personnel Overhead, an increase of \$418,000 over the fiscal year 2019 appropriation. 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 IT contracts, which cover IT equipment, telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent and the Department IT contract use approximately 87 percent of the centralized services resources.

Departmental Centralized Services (dollars in thousands)

Item	2019 Appropriation	2020 Request	Difference
Rent	\$6,671	\$6,916	\$245
Central IT	5,811	5,720	-91
Other Central Support	1,590	1,854	264
Centralized Services	\$14,072	\$14,490	\$418

Other Non-Personnel Costs

Travel

OIG is requesting \$1.4 million in fiscal year 2020 for travel, an increase of \$24,000 over the fiscal year 2019 appropriation. The requested amount for fiscal year 2020 covers travel expenses for the requested staff of auditors, investigators, and other specialists and is necessary to perform the OIG audit and investigative mission.

Most OIG work involves travel to SEAs, LEAs, schools, other grantees, loan servicers, contractors, and other recipients of Federal education funds, to conduct audits and investigations, 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.

Advisory and Assistance Services

OIG is requesting \$327,000 in fiscal year 2020 for advisory and assistance services, an increase of \$21,000 over the fiscal year 2019 appropriation, to contract for audit services that support mandated OIG FISMA work. The requested funding level would provide contractor support for IT security reviews of systems; audits of the Department's IT contracts; reviews of systems development life cycles, enterprise architecture, and IT project management; and computer forensic analysis.

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Other Services

OIG is requesting \$1.793 million in fiscal year 2020 for other services, an increase of \$51,000 over the fiscal year 2019 appropriation. This amount is primarily to contract with an independent certified public accounting firm to audit the Department-wide financial statements. In accordance with the Inspectors General Act of 1978, as amended, and the Chief Financial Officer Act, the OIG oversees the financial statement audits. The audits will result in reports on the Department-wide financial statements, FSA's financial statements, and the Closing Package. 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 2020 Request also includes \$476,000 for car leases, an increase of \$14,000 over the fiscal year 2019 appropriation.

Training

OIG is requesting \$366,000 in fiscal year 2020 for training, an increase of \$68,000 over the 2019 appropriation, for the OIG-specific training of auditors, investigators, and business operations staff. Within the Departmental Centralized Services section, the OIG requests \$117,000 in support of Department training operations, which reflects a \$53,000 increase from the fiscal year 2019 appropriation.

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 CPEs 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, Certified Information Systems Auditor, Computer Forensic Examiner, and Certified Fraud Examiner; 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 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.

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Goods/Services from Federal Sources

OIG is requesting \$412,000 in fiscal year 2020 for goods and services from Federal sources, an increase of \$15,000 over the fiscal year 2019 appropriation. Within this request, \$139,077 will cover the OIG's funding support for the Council of the Inspectors General on Integrity and Efficiency (CIGIE). This contribution is 0.22 percent of the OIG 2020 designated funding level based on a total budget request of \$63.4 million, including the CIGIE amount. The fiscal year 2020 request also includes \$180,250 in miscellaneous interagency agreements covering a variety of services provided by other Federal agencies, of which \$105,000 is designated for FLETC and IG CIA training cost for the OIG Investigations staff.

Equipment Operations/Maintenance

OIG is requesting \$5,000 in fiscal year 2020 for equipment operations/maintenance, a decrease of \$1,000 below the fiscal year 2019 appropriation, for equipment repair and maintenance of copiers.

IT Services/Contracts

OIG is requesting \$700,000 in fiscal year 2020 for IT services/contracts, an increase of \$127,000 million over the fiscal year 2019 appropriation, for contracts for system support and expertise. This request includes programmer services and maintenance for various OIG systems and applications, and services and support for IT security operations, computer forensics, and data analytics experts. None of these costs are covered by the Department Centralized Services IT funding.

IT Equipment/Software

OIG is requesting \$824,000 in fiscal year 2020 for IT equipment/software, an increase of \$103,000 over the fiscal year 2019 appropriation, to support non-centralized IT software maintenance agreements, software license renewals, and equipment purchases.

Building Alterations

OIG is requesting \$98,000 in fiscal year 2020 for building alterations, an increase of \$60,000 over the fiscal year 2019 appropriation, in building alterations costs not included in the Department Centralized Services. 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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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 website, <http://www2.ed.gov/about/offices/list/oig/reports.html>.

Performance Measures:

In 2017, OIG developed its "Five-Year Strategic Plan" covering fiscal years 2018-2022. The plan describes the focus and direction of OIG's operations, establishes our organizational goals, and outlines the strategies we will employ to reach those goals and the measures we will use to evaluate our performance.

Our **first goal** is to deliver high-quality, timely, and impactful products and services that promote efficiency, effectiveness, and integrity in the Department's operations and programs. The strategies adopted to achieve this goal include: (1) maximize value through risk-based resource allocation, (2) provide value-added audit, investigative, and other services, (3) deliver timely results, (4) effectively and efficiently use technology to identify threats to the department's programs and operations, (5) promote data protection and information technology security, and (6) conduct effective outreach to promote programmatic and operational integrity.

Our **second goal** is to cultivate a diverse, highly skilled, and inspired workforce with sufficient resources to carry out the OIG's mission. The strategies implemented to achieve this goal are to: (1) cultivate workforce excellence, (2) provide necessary resources, (3) promote an inclusive workplace environment, and (4) recognize achievement.

Our **third goal** is to implement internal processes that promote organizational effectiveness, stewardship of resources, and accountability. The strategies in place to achieve this goal are to: (1) promote effective financial operations, (2) deliver superior operational support, (3) provide effective quality assurance, and (4) apply an effective enterprise risk management framework.

Performance measures are reviewed annually and revised as necessary. Several key performance measures are shown below.

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Measure: Audits initiated each year in accordance with policy and focused on areas of high risk or significant importance.

Year	Target Percent	Actual Percent
2016	85	100
2017	85	100
2018	85	100
2019	85	
2020	85	

Measure: Investigations initiated each year in accordance with policy and focused on areas of high risk or significant importance.

Year	Target Percent	Actual Percent
2016	80	90
2017	80	89
2018	80	92
2019	80	
2020	80	

Measure: Recommendations in reports issued during the fiscal year were accepted by the Department and corrective action plans agreed to by OIG management.

Year	Target Percent	Actual Percent
2016	90	99
2017	90	98
2018	90	95
2019	90	
2020	90	

Measure: Draft and final audit and alternative project reports issued in accordance with policy, including applicable standards, and by the agreed-upon date.

Year	Target Percent	Actual Percent
2016	70	95
2017	70	93
2018	70	92
2019	70	
2020	70	

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Measure: Preliminary inquiries of fraud, waste, and abuse were processed for case initiation (investigation) or closure with a final disposition within 120 days.

Year	Target Percent	Actual Percent
2016	75	79
2017	75	76
2018	75	76
2019	75	
2020	75	

Measure: Preliminary inquiries converted to full investigations by ITACCI that resulted in a criminal, civil or administrative action, or monetary result.

Year	Target Percent	Actual Percent
2016	65	75
2017	50	63
2018	50	50
2019	50	
2020	50	

Measure: Information technology audits issued in accordance with policy and accepted by management by the agreed upon date.

Year	Target Percent	Actual Percent
2016	75	100
2017	75	100
2018	75	100
2019	75	
2020	75	

Measure: Substantive comments provided by OIG resulted in changes in legislation, regulations, or other policies.

Year	Target Percent	Actual Percent
2016	70	85
2017	70	77
2018	70	86
2019	70	
2020	70	

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Measure: Freedom of Information Act responses processed in accordance with statutory requirements and delivered to requestors within required deadlines.

Year	Target	Actual
2016	90	91
2017	90	77
2018	90	91
2019	90	
2020	90	

Measure: Hotline complaints were processed in accordance with policy and within the established deadlines.

Year	Target Percent	Actual Percent
2016	95	100
2017	95	100
2018	75	94
2019	80	
2020	80	