

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2021 Budget Request

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For expenses necessary for the Office of Inspector General, as authorized by section 212 of the Department of Education Organization Act, [~~\$63,000,000~~] \$68,019,000, of which \$2,000,000 shall remain available until expended.¹ (*Department of Education Appropriations Act, 2020*)

NOTE

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriations language.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
<u>1...of which up to \$2,000,000, shall remain available until expended.</u>	The language provides that of the amount appropriated, \$2 million would be no-year funding. The need for the additional flexibility is for two main reasons: (1) due to 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 if actual costs are lower than expected and funds are returned to the OIG at end of the fiscal year, or if actual costs are higher than expected and additional funds are required for the OIG.

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Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2019	2020	2021
Discretionary appropriation:			
Appropriation.....	\$61,143	\$63,000	\$68,019
Transfer from Department of Education, Disaster Relief ¹ , for Inspector General.....	<u>2,000</u>	<u>0</u>	<u>0</u>
Subtotal, discretionary appropriation.....	63,143	63,000	68,019
Disaster Relief unobligated balance, start of year	4,000	4,697	3,197
Unobligated balance, expiring	0	0	0
Disaster Relief unobligated balance, end of year	<u>-4,697</u>	<u>-3,197</u>	<u>-1,097</u>
Total, direct obligations	62,446	64,500	70,119

¹ Disaster Relief Funding includes appropriations from the Bipartisan Budget Act of 2018 and the Additional Supplemental Appropriations for Disaster Relief Act of 2019.

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Obligations by Object Classification
(dollars in thousands)

Object Class	2019 Actual	2020 Appropriation	2021 Request	Change from 2020 to 2021
11.10 Full-time permanent	\$24,627	\$28,800	\$31,635	\$2,835
11.31 Full-time temporary	107	126	127	1
11.32 Part-time	346	126	127	1
11.33 Consultants	3			
11.51 Overtime	1,854	0	0	0
11.52 Awards	<u>462</u>	<u>633</u>	<u>1,331</u>	<u>698</u>
Compensation subtotal	27,399	29,685	33,220	3,535
12.00 Benefits	10,358	11,959	13,261	1,302
13.00 Benefits for former personnel	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Comp/benefits subtotal	37,757	41,644	46,481	4,837
21.00 Travel	1,350	1,429	1,507	78
22.00 Transportation of things	0	0	0	0
23.10 Rental payments to GSA	6,285	7,133	7,133	0
23.31 Communications	163	203	200	-3
23.32 Postage/fees	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Subtotal 23	6,450	7,338	7,335	-3
24.00 Printing and reproduction	4	1	1	0
25.10 Advisory and assistance services	757	327	327	0
25.21 Other services	2,331	2,387	2,527	140
25.22 Training/tuition contracts	285	538	574	36
25.30 Goods/services from Federal sources	1,570	1,515	1,485	-30
25.40 Operations/maint of facilities	0	0	0	0
25.71 Operations/maint of equip.	3	5	5	0
25.72 IT services/contracts	<u>8,596</u>	<u>6,726</u>	<u>6,238</u>	<u>-488</u>
Subtotal 25	13,542	11,498	11,156	-342
26.00 Supplies	99	102	115	13
31.10 IT equipment/software	1,165	817	880	63
31.30 Other equipment	<u>66</u>	<u>73</u>	<u>25</u>	<u>-48</u>
Subtotal 31	1,231	890	905	-15
32.00 Building alterations	<u>414</u>	<u>98</u>	<u>519</u>	<u>421</u>
Subtotal, Obligations	60,847	63,000	68,019	5,019
Subtotal, Disaster Relief Obligations	<u>1,301</u>	<u>1,500</u>	<u>2,100</u>	<u>600</u>
Total, Obligations	61,148	64,500	70,119	5,619

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Summary of Changes
(dollars in thousands)

2020	\$63,000
2021	<u>68,019</u>
Net change.....	+5,019

	<u>2020</u> <u>Appropriation</u>	Change from <u>2020</u>
Increases:		
<u>Built in:</u>		
Increase of 21 additional FTE and increase in benefits for FERS contributions rates, and one percent pay raise.	\$41,644	+\$4,837
<u>Program:</u>		
Increase in Travel.	\$1,429	+\$78
Increase in Training.	538	+36
Increase in OIG's cost for IT Equipment/Software.	817	+63
Increase in building alterations.	98	421
Net change in other non-personnel areas.	12,373	<u>+98</u>
Subtotal, increases		-5,533
Decreases:		
<u>Program:</u>		
Decrease in Department's Central Support IT services/contracts.	6,101	<u>-514</u>
Subtotal, decreases		-514
Net changes		+5,019

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Authorizing Legislation
(dollars in thousands)

Activity	2020 Authorized	2020 Appropriation	2021 Authorized	2021 Request
Inspector General (<i>DEOA, Section 212</i>).....	<u>Indefinite</u>	<u>63,000</u>	<u>Indefinite</u>	<u>\$68,019</u>
Total appropriation		63,000		68,019

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Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2012	\$65,238	\$60,053 ¹	\$65,238 ¹	\$59,933 ¹
2013	67,187	59,933 ²	59,933 ²	59,820
2014	62,401	59,820 ³	59,820 ³	56,691
Transfer (P.L. 113-6)	0	0	0	1,100
2015	62,347	N/A ⁴	59,700 ⁴	57,791
2016	59,181	N/A ⁵	58,791 ⁵	57,791
2017	59,256	59,256 ⁶	57,791 ⁶	59,256
2018	61,941	59,256 ⁷	59,256 ⁷	59,256 ⁷
2019	61,143	59,256 ⁸	61,143 ⁸	61,143 ⁸
2020	63,418	67,418	61,143 ⁹	63,000 ⁹
2021	68,019			

¹The level for the House allowance reflects an introduced bill and the level for the Senate allowance reflects Senate Committee action only.

²The 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.

³The House allowance is shown as N/A because there was no Subcommittee action; Senate allowance reflects Committee action only.

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

⁵The 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.

⁶The 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.

⁷The 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).

⁸The 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).

⁹ The Senate allowance reflects the Chairman's mark; the Appropriation reflects the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

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Office of Inspector General

(Department of Education Organization Act, Section 212)

(dollars in thousands)

FY 2021 Authorization: Indefinite

Budget Authority:

	<u>2020</u> <u>Appropriation</u>	<u>2021</u> <u>Request</u>	<u>Change</u>
Personnel Compensation and Benefits Costs	\$41,644	\$46,481	+\$4,837
Non-Personnel Costs	<u>21,356</u>	<u>21,538</u>	<u>+182</u>
Total	63,000	68,019	+5,019
FTE	231 ¹	252 ¹	21

¹ Excludes 6 FTE associated with Disaster Relief funding.

PROGRAM DESCRIPTION

The Office of Inspector General’s (OIG) mission is to promote efficiency, effectiveness, and integrity in the U.S. Department of Education’s (Department) 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 conducts criminal, civil, and administrative investigations related to the Department’s programs and operations.

In addition, the OIG maintains a hotline portal (<https://oighotline.ed.gov>) where anyone may report fraud, waste, or abuse involving Department of Education funds or programs as well as whistleblower reprisal complaints. Allegations can be reported in six languages. The OIG also maintains a hotline phone number (1-800-MISUSED) that provides instructions on how to report fraud, waste, or abuse. Each month the hotline receives approximately 300 complaints and approximately 200 telephone contacts. The OIG also receives over 100 complaints per month through Federal Student Aid’s (FSA) Feedback system.

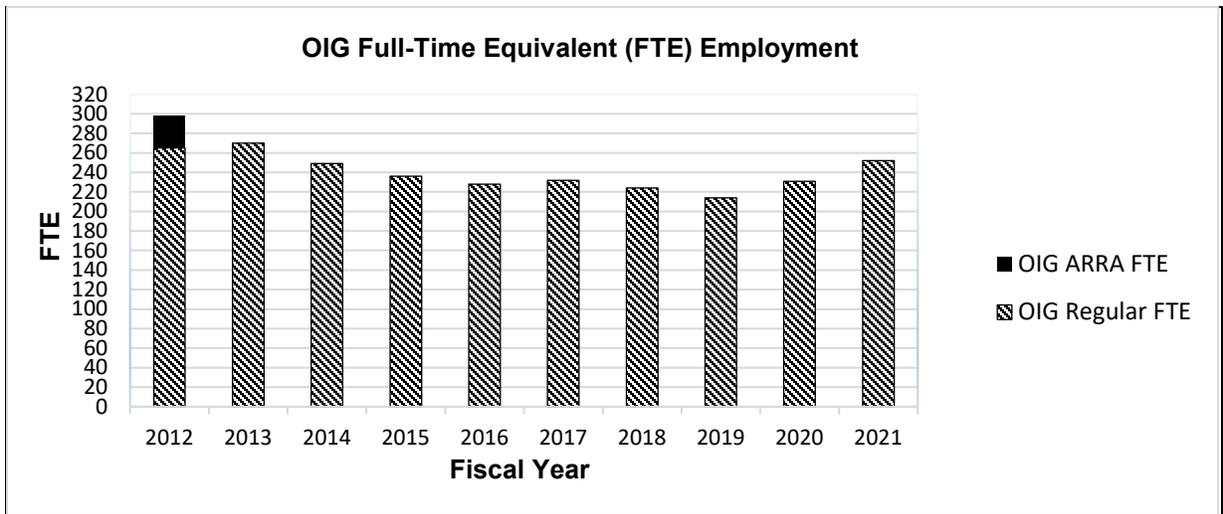
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Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2016.....	\$59,256
2017.....	59,256
2018.....	61,143
2019.....	61,143
2020.....	63,000

FY 2021 BUDGET REQUEST

For fiscal year 2021, the Administration is requesting \$68 million and 252 full-time equivalents (FTE) employment for the Office of Inspector General, an increase of \$5 million more than the fiscal year 2020 appropriation of \$63 million. The increase is primarily to support additional FTE. A 10-year history of the OIG’s staffing is shown in the following chart:



Sixty-eight percent of the requested amount, or \$46.5 million, is for Personnel Compensation and Benefits (PC&B) to support the requested staffing level of 252 FTE. The remaining \$21.5 million is for Non-Personnel costs, of which \$14.8 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, \$6.8 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 \$6.8 million also includes a payment of \$201,652 to help fund the Council of the Inspectors General on Integrity and Efficiency (CIGIE), in accordance with §§ 6(g) and 11(c)(3)(A) of the Inspector General Act of 1978, as amended, 5 U.S.C. app.

The scope of the OIG planned work in fiscal year 2021 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

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example, audits of Federal student financial 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.

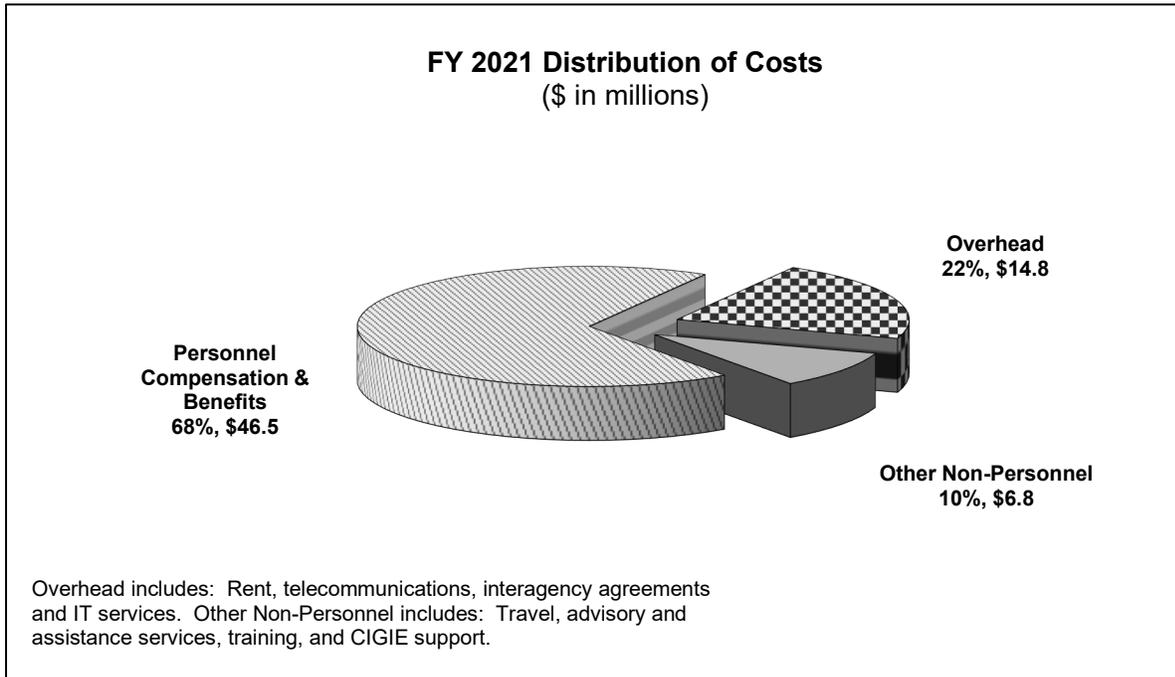
For State and local education programs, the OIG will focus significant resources on areas related to the disaster recovery assistance programs authorized under the Bipartisan Budget Act of 2018 and the Additional Supplemental Appropriations for Disaster Relief Act of 2019, Statewide accountability systems that are being implemented pursuant to the Every Student Succeeds Act (ESSA), the Student Support and Academic Enrichment program, and charter schools. The OIG further plans to evaluate the Department of Education's business operations in areas such as human resources, Federal Student Aid's accountability as a performance-based organization, 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 on the Department's efforts to identify, address, and mitigate improper payments and provide oversight of work performed by non-Federal auditors, including single audits of the recipients of Department funds and proprietary school compliance and financial statement audits. 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 conducting outreach and providing guidance 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, to include fraud within the disaster recovery assistance programs. 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. The distance education fraud ring investigations represent, on average, 20 percent of the cases conducted by the OIG since fiscal year 2014.

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 § 6(g) of the Inspector General Act of 1978, as amended, 5 U.S.C. app, the Deputy Inspector General Delegated the Duties of 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 2021 training requirements.

In fiscal year 2021, the OIG will continue to operate from various locations throughout the country. Approximately 60 percent of the OIG's staff will be assigned to 16 regional and field office locations in Ann Arbor, Atlanta, Boston, Chicago, Dallas, Denver, Kansas City, Long Beach, Nashville, New York, Philadelphia, Pittsburgh, Pembroke Pines (Florida), Phoenix, Sacramento, and San Juan (Puerto Rico). The remaining 40 percent will be assigned to the Washington, D.C., headquarters office.

FY 2021 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 enough 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 may identify problems, deficiencies, or opportunities for improvement and the OIG will communicate the results to those who need the information and who will monitor the results of the work to ensure issues are addressed.

Additional Supplemental Appropriations for Disaster Relief Act of 2019

In fiscal year 2019, the OIG received \$2 million in no-year funds to conduct audits and investigations through the Additional Supplemental Appropriations for Disaster Relief Act of 2019, which provided disaster relief funding. The Department is authorized \$165 million of funding in the supplemental appropriations to be used to assist in meeting the educational needs of individuals affected by a covered disaster or emergency.

All comparisons in the narrative below exclude the Additional Supplemental Appropriations for Disaster Relief Act of 2019 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 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 if actual costs are lower than expected and funds are returned to the OIG at the end of the fiscal year, or if actual costs are higher than expected and additional funds are required from the OIG.

Personnel Compensation and Benefits (PC&B) Costs

The fiscal year 2021 request of \$46.5 million for Personnel Compensation and Benefits (PC&B) is an increase of \$4.8 million over the fiscal year 2020 appropriation. The increase includes 21 additional FTE, increased PC&B costs associated with increased FERS contributions in fiscal year 2021, and a one percent governmentwide fiscal year 2021 pay raise.

The fiscal year 2021 request includes 252 FTE to expand audit and investigation coverage, enhance IT security and cybersecurity efforts, and modernize internal business operations. The increased staffing will better position the OIG in 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 FY 2020 appropriation included a discretionary budget of \$71 billion, and it manages an outstanding loan portfolio of \$1.4 trillion.

The 2021 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.

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Audit Priorities

The OIG will focus its audit efforts on Federal student financial 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. Our ongoing work includes a review of the Federal recognition process for the Accrediting Council for Independent Colleges and Schools. The OIG plans to conduct Audits to assess the Department's implementation of new initiatives and evaluate FSA's oversight of the Career Pathways program.

- **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 2021, the OIG's work on FSA's contractor oversight will concentrate on activities related to FSA's Next Generation Financial Services Environment.

- **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 reporting of campus crime statistics under the Clery Act, use of online program management providers, and compliance with Career Pathway program and Ability to Benefit requirements, and compliance with requirements for using professional judgement to adjust student's financial information.

- **Department 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 continue its review of FSA's controls over the Free Application for Federal Student Aid verification process, the Department's oversight of Dream Center Holdings acquisition of Education Management Corporation schools, and the Department's controls over schools' Clery Act reporting.

State and Local Programs

- **Disaster Recovery**— The Bipartisan Budget Act of 2018 authorized \$2.7 billion for the Department 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 OIG plans to perform work that includes reviews of funding

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allocations, data reliability, and uses of funds under the Immediate Aid to Restart School Operations and Temporary Emergency Impact Aid for Displaced Students programs. We will also be reviewing the Department's processes for awarding and monitoring funds under the Emergency Assistance to Institutions of Higher Education and Defraying Costs of Enrolling Displaced Students in Higher Education programs, and for reallocating campus-based student financial assistance program funds to schools impacted by the disasters.

The Additional Supplemental Appropriations for Disaster Relief Act of 2019 authorized \$165 million for necessary expenses related to the consequences of Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu and wildfires, earthquakes, and volcanic eruptions occurring in calendar year 2018 and tornadoes and floods occurring in calendar year 2019 in those areas for which a major disaster or emergency has been declared. The OIG plans to perform work involving related programs that includes reviews of funding allocations, data reliability, and uses of funds.

- **Every Student Succeeds Act (ESSA)**— ESSA reauthorized the Elementary and Secondary Education Act. ESSA is a departure from its predecessor, as it provides States with more flexibility and control over education policy. The OIG plans to review States' implementation of their ESSA State plans, focusing specifically on Statewide accountability systems, and the Department's oversight processes to ensure that the plans are being followed. We will also be reviewing the Department's oversight of grants awarded under the newly created Student Support and Academic Enrichment program and determining how States and school districts are using these funds.
- **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 reviews of States' oversight of virtual charter schools' implementation of IDEA. We are particularly interested in determining whether students with disabilities who attend virtual charter schools are being provided with the services described in their individualized education plans. We also plan to conduct work on the Department's oversight of State-level requirements related to local educational agencies (LEA) annual determinations under 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, also known as Charter Management Organization grants. This includes both the Department's program oversight and implementation by selected grantees.
- **Vocational Rehabilitation**—The State Vocational Rehabilitation Services program provides more than \$3 billion in grant funds to about eighty State Vocational Rehabilitation agencies. These funds are intended to provide services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that they may prepare for and engage in competitive integrated employment and achieve economic self-sufficiency. The OIG planned work includes a review of effectiveness of the Department's technical assistance to grantees under this program.

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Departmental Operations

- **FSA's Accountability as a Performance-Based Organization**—The *Higher Education Amendments of 1998* established FSA as a Performance-Based Organization to administer the Title IV programs. As a federally designated Performance-Based Organization, FSA operates under a congressional mandate to achieve concrete results while improving performance. We plan to conduct work to assess FSA's alignment of goals and performance measures and its processes to establish objectives and report on its performance.
- **Financial Statement Audits**—The Government Management Reform Act of 1994 expanded the Chief Financial Officers Act of 1990 by requiring, among other things, the annual preparation and audit of organization-wide financial statements of the Executive Branch departments. The OIG annually oversees and monitors the work performed by an independent public accounting firm contracted to provide an opinion on whether Department-wide and FSA financial statements are fairly presented. Also, under OIG oversight, the independent public accounting firm reports any material weaknesses and significant deficiencies in the Department's or FSA's internal control over financial reporting.
- **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 and ongoing work includes audits to assess selected aspects of the Department's human resources functions, required assessments of the Department's grant closeout process and purchase 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 (schools, lenders, guaranty agencies, servicers, and collection agencies) that are alleged to have defrauded 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, charter management organizations and other ESSA-funded organizations. 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 continue to be over 21 percent of our case load due in part to increased identification of fraud and reporting by State and local officials resulting from the OIG outreach efforts. The OIG continues to investigate providers of after school programs, including 21st Century Community Learning Centers. Fraud by providers involves falsified student rosters and fictitious billing, which often go undetected due to weak internal controls and, in some cases, corrupt public officials.

Investigation Services continues the use of its nationwide stakeholder outreach and fraud awareness training initiative. The initiative covers a 3-year cycle and incorporates outreach opportunities through social media. The outreach plan supports OIG's mission to promote the

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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 public profile 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 enough funds are available for essential investigative travel.

The OIG strives to investigate matters with the highest priority that would have the most significant impact on the Department's programs and operations. 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 — but can result in significant recoveries for the Federal government.

In fiscal year 2021, 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 2019, our postsecondary investigations resulted in the recovery of approximately \$23.6 million. These investigations currently represent approximately 57 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 2015 through fiscal year 2019, the OIG investigated 118 cases involving elementary and secondary education programs. During that time, these investigations have resulted in 132 indictments and 67 convictions, and 16 civil actions securing more than \$52 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 2015 through fiscal year 2019, the OIG conducted 43 investigations, which represented 36 percent of the OIG's Elementary and Secondary inventory. During that time, charter school investigations resulted in 15 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, the OIG will generally only focus on cases involving a significant financial loss. Currently, these investigations represent about 25 percent of all open OIG cases. The OIG will continue to refer matters that are not investigated or prosecuted to the Department so that it can take appropriate action to avoid future improper payments. Distant education fraud rings represent, on average, 19 percent of the cases conducted by

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the OIG between fiscal years 2015 and 2019. During this time period, investigations in this area resulted in 165 indictments, 140 convictions, and recoveries of approximately \$17 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.

- **Whistleblower Reprisal Investigations**—The OIG continues to conduct administrative investigations of whistleblower reprisal complaints, as well as evaluate the underlying allegations to determine if criminal or civil investigations are warranted. In 2019, the OIG received 26 whistleblower reprisal complaints resulting in 21 inquiries initiated by the OIG to resolve these allegations.

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 model: 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 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. Without the requested increase in appropriations for fiscal year 2021, the OIG's IT audits will be limited to statutorily requirements.

Non-Personnel Costs

OIG is requesting \$21.5 million in fiscal year 2021 for Non-Personnel costs, \$182,000 more than the fiscal year 2020 appropriation. Of the total, \$14.8 million is for Departmental Centralized Services (overhead expenses), including the Department's IT infrastructure and support

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contracts (Department IT contracts), and \$6.8 million is for other non-personnel operational costs.

Departmental Centralized Services

OIG is requesting \$14.8 million in fiscal year 2021 for Non-Personnel Overhead, \$384,000 less than the fiscal year 2020 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's IT contracts, which cover IT equipment, telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent and the Department's IT contract use approximately 86 percent of the centralized services resources.

Departmental Centralized Services (dollars in thousands)

Item	2020 Appropriation	2021 Request	Difference
Rent	\$7,133	\$7,133	\$0
Central IT	6,101	5,587	-514
Other Central Support	1,903	2,033	130
Centralized Services	\$15,137	\$14,753	-\$384

Other Non-Personnel Costs

Travel

OIG is requesting \$1.5 million in fiscal year 2021 for travel, \$78,000 more than the fiscal year 2020 appropriation. The requested amount for fiscal year 2021 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 state educational agencies (SEAs), local educational agencies (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 2021 for advisory and assistance services, level with the fiscal year 2020 appropriation, to contract for audit services that support mandated OIG FISMA work. The requested funding level would provide contractor support for IT security

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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.

Other Services

OIG is requesting \$2.5 million in fiscal year 2021 for other services, \$140,000 more than the fiscal year 2020 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 2021 request also includes \$488,000 for car leases, an increase of \$12,000 over the fiscal year 2020 appropriation.

Training

OIG is requesting \$394,000 in fiscal year 2021 for training, \$25,000 more than the fiscal year 2020 appropriation, for the OIG-specific training of auditors, investigators, and business operations staff. Within the Departmental Centralized Services section, the OIG requests \$180,000 in support of Department training operations, which reflects a \$11,000 increase from the fiscal year 2020 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, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits or attestation engagements. At least 20 hours of the 80 should be completed in any 1 year of the 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

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also continue to minimize training costs by having staff attend CIGIE-supported or OIG community-sponsored training events.

Goods/Services from Federal Sources

OIG is requesting \$457,000 in fiscal year 2021 for goods and services from Federal sources, \$30,000 less than the fiscal year 2020 appropriation. Within this request, \$201,652 will cover the OIG's funding support for the Council of the Inspectors General on Integrity and Efficiency (CIGIE). This contribution is 0.30 percent of the OIG 2021 designated funding level based on a total budget request of \$68 million, including the CIGIE amount. The fiscal year 2021 request also includes \$182,315 in miscellaneous interagency agreements covering a variety of services provided by other Federal agencies, of which \$95,000 is designated for Federal Law Enforcement Training Center (FLETC) and Inspector General Criminal Investigator Academy (IGCIA) training cost.

Equipment Operations/Maintenance

OIG is requesting \$5,000 in fiscal year 2021 for equipment operations/maintenance, level with the fiscal year 2020 appropriation, for equipment repair and maintenance of copiers.

IT Services/Contracts

OIG is requesting \$630,000 in fiscal year 2021 for IT services/contracts, \$23,000 more than the fiscal year 2020 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 \$880,000 in fiscal year 2021 for IT equipment/software, \$63,000 more than the fiscal year 2020 appropriation, to support non-centralized IT software maintenance agreements, software license renewals, and equipment purchases.

Building Alterations

OIG is requesting \$519,000 in fiscal year 2021 for building alterations, \$421,000 more than the fiscal year 2020 appropriation, in building alterations costs not included in the Department Centralized Services. The amount has increased due to anticipated expiring leases. 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 enough 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. OIG issued a Diversity and Inclusion Strategic Plan this year that articulated specific strategies and actions to move OIG forward towards this second goal.

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.

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

Year	Target	Actual
2016	85%	100%
2017	85	100
2018	85	100
2019	85	100
2020	85	
2021	85	

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

Year	Target	Actual
2016	80%	90%
2017	80	89
2018	80	92
2019	80	89
2020	75	
2021	75	

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

Year	Target	Actual
2016	90%	99%
2017	90	98
2018	90	95
2019	90	93
2020	90	
2021	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	Actual
2016	70%	90%
2017	70	93
2018	70	92
2019	70	96
2020	70	
2021	70	

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

Year	Target	Actual
2016	75%	79%
2017	75	76
2018	75	76
2019	70	77
2020	70	
2021	70	

Measure: Preliminary inquiries converted to full investigations by OIG management that resulted in a criminal, civil or administrative action, or monetary result (Investigation Services).

Year	Target	Actual
2016	74%	95%
2017	74	93
2018	70	81
2019	70	80
2020	70	
2021	70	

Measure: Preliminary inquiries converted to full investigations by OIG management that resulted in a criminal, civil or administrative action, or monetary result, or actionable referral to the Department (ITACCI).

Year	Target	Actual
2016	65%	75%
2017	50	63
2018	50	50
2019	70	100
2020	70	
2021	70	

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

Year	Target	Actual
2016	75%	100%
2017	75	100
2018	75	100
2019	90	98
2020	75	
2021	75	

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

Year	Target	Actual
2016	70%	85%
2017	70	77
2018	70	86
2019	70	78
2020	70	
2021	70	

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	78
2020	90	
2021	90	

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

Year	Target	Actual
2016	95%	100%
2017	95	100
2018	75	94
2019	80	95
2020	85	
2021	85	