

**UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL****The Inspector General**

Date OCT - 3 2011

**MEMORANDUM**

**TO:** Secretary Arne Duncan

**FROM:** Kathleen S. Tighe *Kathleen S. Tighe*  
Inspector General

**SUBJECT:** Management Challenges for Fiscal Year 2012

The Reports Consolidation Act of 2000 requires the U.S. Department of Education (Department), Office of Inspector General (OIG), to identify and report annually on the most serious management challenges the Department faces. The Government Performance and Results Modernization Act of 2010 requires the Department to include in its agency performance plan information on its planned actions, including performance goals, indicators, and milestones, to address these challenges. To identify management challenges, we routinely examine past audit, inspection, and investigative work, as well as issued reports where corrective actions have yet to be taken; assess ongoing audit, inspection, and investigative work to identify significant vulnerabilities; and analyze new programs and activities that could pose significant challenges because of their breadth and complexity. We provided our draft challenges report to Department officials and considered all comments received.

Last year we presented four management challenges: implementation of new programs/statutory changes, oversight and monitoring, data quality and reporting, and information technology security. All of the prior management challenges remain challenges for FY 2012. The first FY 2011 challenge, implementation of new programs/statutory changes, which incorporated aspects of the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the Ensuring Continued Access to Student Loans Act of 2008, has been incorporated into the oversight and monitoring challenge. In addition, we have added a new challenge related to improper payments.

The FY 2012 management challenges are:

- (1) Improper Payments,
- (2) Information Technology Security,
- (3) Oversight and Monitoring, and
- (4) Data Quality and Reporting.

We look forward to working with the Department to address the FY 2012 management challenges in the coming year. If you have any questions or would like to discuss these issues, please contact me at (202) 245-6900. You may also contact either Keith West, Assistant Inspector General for Audit, at (202) 245-7041, or William Hamel, Assistant Inspector General for Investigations, at (202) 245-6922.

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.