

Department of Education
OFFICE OF THE INSPECTOR GENERAL
Fiscal Year 2012 Budget Request

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OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, \$67,187,000.

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Amounts Available for Obligation
(\$000s)

	2010	2011 CR	2012
Discretionary appropriation:			
Appropriation	\$60,053	0	\$67,187
Annualized CR (PL 111-322)	0	\$60,053	
Subtotal, appropriation	<u>60,053</u>	<u>60,053</u>	<u>67,187</u>
Recovery Act unobligated balance, start of year	13,175	10,813	5,000
Recovery Act recovery of prior-year obligations	5	1	0
Unobligated balance expiring	-176	0	0
Recovery Act unobligated balance, end of year	<u>-10,813</u>	<u>-5,000</u>	<u>0</u>
Subtotal, direct obligations	59,877	60,053	67,187
Subtotal, Recovery Act direct obligations	<u>2,367</u>	<u>5,814</u>	<u>5,000</u>
Total, direct obligations	62,244	65,867	72,187

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Obligations by Object Classification

(\$000s)

		2010	2011 CR	2012
11.10	Full-time permanenet.....	\$25,580	\$29,816	\$32,905
11.10	Full-time permanenet, Recovery.....	\$1,496	\$3,300	\$1,500
11.31	Full-time temporary.....	2,328	310	519
11.31	Full-time temporary, Recovery.....	-	-	1,500
11.32	Part-time.....	49	103	104
11.51	Overtime.....	1,930	-	-
11.51	Overtime, Recovery.....	65	-	-
11.52	Awards.....	649	523	624
	Compensation subtotal.....	32,097	34,052	37,152
12.00	Benefits.....	9,716	10,660	11,854
12.00	Benefits, Recovery.....	450	1,014	1,000
13.00	Benefits for former personnel.....	-	-	-
	Comp/benefits subtotal.....	42,263	45,726	50,006
21.00	Travel.....	1,657	1,614	1,891
21.00	Travel, Recovery.....	350	1,492	1,000
22.00	Transportation of things.....	141	-	-
23.10	Rental payments to GSA.....	4,808	5,516	5,707
23.31	Communications.....	265	170	194
23.32	Postage/fees.....	6	6	6
	Subtotal 23.....	5,079	5,692	5,907
24.00	Printing and reproduction.....	16	15	17
25.10	Advisory and assistance services...	4,134	2,829	4,015
25.21	Other services.....	846	1,065	1,024
25.21	Other services, Recovery.....	5	-	-
25.22	Training/tuition contracts.....	645	645	883
25.22	Training/tuition contracts, Recovery	1	8	-
25.23	Field readers.....	-	-	-
25.30	Goods/services from Gov't.....	1,800	2,238	2,287
25.40	Operations/maint of facilities.....	-	-	-
25.70	Operations/maint of equipment.....	98	220	-
25.72	IT services/contracts.....	3,879	3,812	4,078
	Subtotal 25.....	11,408	10,817	12,287
26.00	Supplies.....	266	203	172
31.10	IT equipment/software.....	516	112	396
31.30	Other equipment.....	297	25	91
	Subtotal 31.....	813	137	487
32.00	Building alterations.....	251	171	420
43.10	Prompt payment interest.....	-	-	-
	Subtotal, obligations.....	59,877	60,053	67,187
	Subtotal, Recovery obligations.....	2,367	5,814	5,000
	Total, Obligations.....	62,244	65,867	72,187

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Summary of Changes
(\$000s)

2011 CR	\$60,053	
2012.....	<u>67,187</u>	
Net change.....		+7,134

	<u>2011 CR base</u>	<u>Change</u>
<u>from base</u>		
Increases:		
<u>Built in:</u>		
Increase in GSA rental payments due to anticipated rate increases and tax escalations	\$5,516	+\$191
Increase in benefits for OIG's share of health, retirement, and other benefits	10,660	+124
Net increase in central support charges	2,044	+115
Increase in interagency agreements for Council of Inspectors General for Integrity and Efficiency (CIGIE)	394	+61
<u>Program:</u>		
Increase in personnel compensation and benefits for 30 FTE staff, as well as minor changes in average salaries	30,100	+4,498
Increase in advisory and assistance services to support IT security operations, computer forensics and data mining experts for the Information Technology Audits and Computer Crimes (ITACCI) group	0	+519
Increase in non-centralized IT purchases	77	+284
Increase in travel	1,614	+277
Increase in advisory and assistance services for training of independent public accountants	0	+250

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Summary of Changes
(\$000s)

	<u>2011 CR base</u>	<u>Change from base</u>
Increase in building alterations. The 2011 amount had been reduced due to funding constraints.	\$171	+\$249
Increase in advisory and assistance services for audit of Departmentwide financial statements	1,903	+171
Increase in miscellaneous advisory and assistance services contracts	26	+171
Increase in non-centralized training	529	+103
Increase in awards	523	+101
Increase in advisory and assistance services for systems security audits	900	+75
Increase in contracts for leases for additional cars	251	+53
Net changes in other areas	1,062	<u>+73</u>
Subtotal, increases		+7,315
Decreases:		
<u>Built in:</u>		
Decrease in salaries due to one less paid day in 2012	129	-129
Decrease in central information technology	4,154	<u>-52</u>
Subtotal, decreases		-181
Net change		+7,134

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Authorizing Legislation
(\$000s)

Activity	2011 Authorized	2011 CR Estimate	2012 Authorized	2012 Request
Inspector General (DEOA, Section 212)	Indefinite	<u>\$60,053</u>	Indefinite	<u>\$67,187</u>
Total definite authorization	0		0	
Total appropriation		60,053		67,187

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Appropriations History
(\$000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2003	\$42,361	\$41,000	\$41,000	\$40,734
2004	48,137	48,137	37,661	46,624
2005	50,576	47,790	50,576	47,327
2006	49,408	49,000	49,408	48,510
2007 Transfer (PL 110-05)	53,145	N/A ¹	N/A ¹	48,802 1,464
2008	53,239	53,239	54,239	50,849
2009 Recovery Act Supplemental (PL 111-5)	54,539 0	54,539 ² 0	54,539 ² 4,000	54,539 14,000
2010	60,053	60,053	60,053 ³	60,053
2011	65,238	60,053 ⁴	65,238 ³	60,053 ⁵
2012	67,187			

¹ This account operated under a full-year continuing resolution (P.L. 110-5). House and Senate Allowance amounts are shown as N/A (Not Available) because neither body passed a separate appropriations bill.

² The levels for the House and Senate allowances reflect action on the regular annual 2009 appropriations bill, which proceeded in the 110th Congress only through the House Subcommittee and the Senate Committee.

³ The level for the Senate allowance reflects Committee action only.

⁴ The level for the House allowance reflects the House-passed full-year continuing resolution.

⁵ The level for appropriation reflects the continuing resolution (P.L. 111-322) passed December 22, 2010.

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Inspector General

(DEOA, section 212)

FY 2010 Authorization (\$000s): Indefinite

Budget Authority (\$000s):

	<u>2011 CR</u>	<u>2012</u>	<u>Change</u>
Personnel costs	\$41,412	\$46,006	+\$4,594
Non-Personnel costs	<u>18,641</u>	<u>21,181</u>	<u>+2,540</u>
Total	60,053 ¹	67,187	+7,134
 FTE ^{2/}	 293	 323	 +30

¹ Funding levels in FY 2011 represent the annualized continuing resolution levels of the 4th Continuing Appropriations Act, 2011 (P.L. 111-322).

² In addition to the FTE included here, 31 FTE in 2011 and 29 FTE in 2012 are funded by the American Recovery and Reinvestment Act.

PROGRAM DESCRIPTION

The Office of the Inspector General's (OIG) mission is to promote efficiency, effectiveness, and integrity in the Department of Education's programs and operations through independent and objective audits, investigations, inspections and other activities. The role of OIG is to monitor the Department's performance and report to the Congress and to the Secretary on opportunities for improvement and any problems or deficiencies.

OIG has authority to inquire about all program and administrative activities of the Department and related activities of all parties working under contracts, grants, or other arrangements with the Department. OIG staff and contracted auditors both in headquarters and the regional offices make these inquiries.

To carry out its responsibilities, OIG audits and inspects Department programs and operations to determine compliance with applicable laws and regulations, economy and efficiency of operations, and effectiveness in achieving program goals. The Office also investigates allegations of fraud by recipients of program funds and of employee misconduct involving the Department's programs and operations.

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

The American Recovery and Reinvestment Act of 2009 included \$14 million for OIG. Of these funds, OIG spent \$819,000 in 2009, \$2.367 million in 2010 and anticipates spending the

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remaining \$10.813 million as follows: \$5.814 million in 2011 and \$5.0 million in 2012. The funds will allow OIG to provide oversight through audits, inspections, and investigations of the grants, programs, and projects funded by the Act. In addition, OIG anticipates spending funds from its regular appropriation on further oversight of ARRA activities.

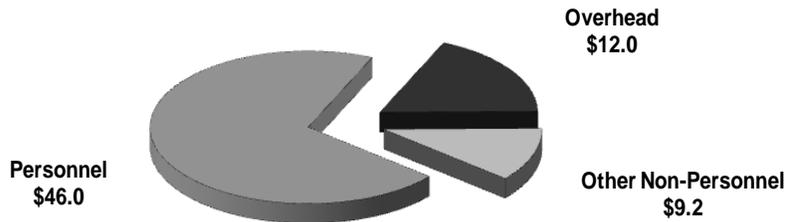
Funding levels for the past 5 fiscal years were:

	(\$000s)
2007	\$50,266
2008	50,849
2009	54,539
Recovery Act	14,000
2010	60,053
2011	60,053

FY 2012 BUDGET REQUEST

For the Office of the Inspector General in FY 2012, \$67.187 million and 323 FTE are requested, an increase of \$7.134 million, or almost 11.9 percent, over the FY 2011 annualized CR level. Over 68 percent of this amount, or \$46.006 million, is for personnel compensation and benefits to support the requested staffing level of 323 FTE. \$21.181 million is for non-personnel costs, of which \$11.968 million, or 18 percent of the total Office of Inspector General request, is for administrative and overhead services, such as rent, postage/fees, telecommunications, payroll processing, and information technology services contracts. The remainder of the non-personnel request, \$9.213 million, or 14 percent, is for non-personnel costs that directly support OIG’s mission, such as travel, training, the financial statement audit contract, and support for the Council of Inspectors General on Integrity and Efficiency (CIGIE). In its request to the Department, OIG requested \$69.412 million and 323 FTE.

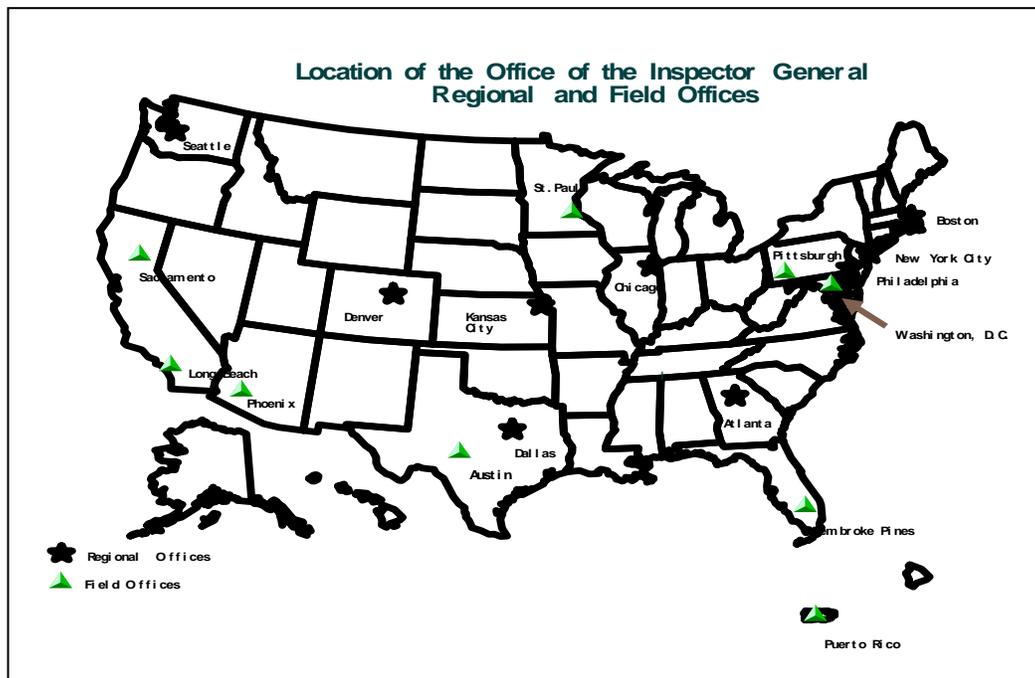
**FY 2012 Distribution of Costs
(\$ in millions)**



Overhead includes: Rent, telecommunications, interagency agreements and IT services.
Other Non-Personnel includes: Travel, advisory and assistance services, and training, and

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OIG operates from 17 regional and field offices, as well as headquarters. 199 FTE, or 62 percent of OIG's staff, will be assigned to regional offices, field offices, and flexiplace locations in New York, Boston, San Juan, Puerto Rico, Philadelphia, Washington, D.C., Atlanta, Chicago, St. Paul, Dallas, Denver, Austin, Kansas City, Sacramento, Long Beach, Pittsburgh, Phoenix, and Pembroke Pines, Florida. The remaining 124 employees will be located in the Washington, DC headquarters office.



FY 2012 Priorities and Initiatives

OIG's strategic goals include protecting the integrity of the Department's programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse, and contributing to the improvement of the Department's business operations. OIG will meet these goals and its other strategic goals by choosing the most important areas on which to focus resources, examining those areas through audits, investigations, inspections, human capital planning, and other activities to identify opportunities for improvement and any problems or deficiencies, communicating the results, through reports, to the people who need the information, and monitoring the results of the work to ensure issues are addressed. The 2011 OIG work plan (<http://www2.ed.gov/about/offices/list/oig/misc/wp2011.pdf>), the latest plan available, addresses 4 management challenges. These are:

- Implementation of New Programs and Statutory Changes, including the *American Recovery and Reinvestment Act of 2009* (Recovery Act) and changes to the Student Financial Assistance (SFA) loan programs. OIG will continue ongoing work and conduct additional audits and investigations of recipients and subrecipients to determine whether Recovery Act funds were used to meet program objectives and effectiveness of the Department's oversight and monitoring of the funds, review monitoring for Race to the

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Top and Investing in Innovation (i3) funds and, in the SFA loans area, review guaranty agency health and job retention at loan servicers.

- Oversight and Monitoring, including FSA oversight of schools participating in the Direct Loan program, proprietary schools' participation in SFA programs, TEACH program grants, ECASLA servicer compliance, custodian billings, and financial transactions, discretionary grant results, and the audit resolution process.
- Data Quality and Reporting, including program data and Recovery Act reporting requirements; including the use and the accuracy of performance data collected and reported in *EDFacts*, the Department's performance and accountability planning and reporting process, and the Department's data quality process for Recovery Act recipient reporting.
- Information Technology Security, including system security controls over the Education Department Centralized Automated Processing System (EDCAPS), system security controls over the Education Department Utility for Communications, Applications and Technical Environment (EDUCATE) system, and security controls over external FSA data centers.

Personnel Costs

The 2012 budget request of \$46.006 million for personnel compensation and benefits is an increase of \$4.594 million above the FY 2011 level. The increases for new staff and awards are offset by the decrease in the number of paid days in 2012.

Overtime & Awards

The request includes the special law enforcement availability pay rates (required by the Treasury, Postal Service and General Government Appropriations Act, 1995) to be paid to investigators who are required to be accessible during hours that are not part of the regular work week. For the budget request, the special law enforcement pay is included in the regular personal compensation amount.

New Staff

In order to fully address high-priority areas, additional auditors and investigators are needed to perform a larger number of audits and to conduct investigations larger in scope, with emphasis on Recovery Act, Race to the Top and Investment in Innovation programs, as well as oversight of guaranty agencies, Direct Loans, and distance education. The additional auditors and investigators, supported by additional Information Technology Audits and Computer Crime Investigations (ITACCI) staff, will allow OIG to expand reviews of student loan programs, as well as allow FISMA reviews of contractor-owned, contractor-operated systems.

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Staffing

OIG's 323 FTE will support audit, investigation, and inspection activities, as well as information technology audits, identity theft, and computer crime investigations (cyber security) for all the Department's programs. OIG is responsible for oversight of all the Department's programs and funding. The Department of Education's requested budget for 2012 is over \$85 billion¹, and the Department is responsible for overseeing a student loan portfolio of over \$700 billion.

Audit Services

Audit Services is responsible for all audit activities relating to improving the Department's programs and operations. Audit Services conducts, coordinates, and oversees audits and other activities and makes recommendations to promote economy, efficiency, and effectiveness in the administration of programs and operations administered by the Department.

Audit Services will also provide oversight for the audit of the Department's 2012 financial statements, and conduct training for independent public accountants (IPAs) in auditing postsecondary institutions of higher education

At the requested staffing level, OIG can provide a sufficient level of oversight to determine whether Department programs and operations are in compliance with applicable laws and regulations, are operating efficiently, and are effective in achieving program goals. Planned work will focus on recipient and subrecipient use of Recovery Act funds, the Race to the Top and i3 monitoring process, guaranty agency health, and job retention at loan servicers.

If sufficient funding is not available, OIG will concentrate on student financial assistance programs, Recovery Act programs, elementary and secondary education programs, and such internal operations as information security and management, and statutory and other required work.

Investigation Services

Investigation Services is responsible for all criminal and civil investigative activities relating to the Department's programs and operations. Investigation Services operates with full law enforcement authority to make arrests and seek and execute search warrants. Investigation Services conducts criminal investigations of suspected fraud and corruption related to the Department's programs and operations, to include schools and their employees that participate in Department programs, Federal, State or local education employees or contractors, and grant and subgrant recipients. Investigation Services also conducts fraud awareness training and outreach activities with entities and organizations that receive Department funding, that represent the education community, or that have oversight responsibilities for education programs. Investigation Services also operates the OIG Hotline (1-800-MIS-USED), which allows anyone suspecting fraud, waste or abuse involving Department funds or programs to inform OIG about their concerns.

¹Includes funds covering prior Pell Grant shortfalls.

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At the requested staffing level for Investigation Services, OIG will continue to conduct compliance audits and investigations that focus primarily on institutions (lenders, guaranty agencies, servers, and schools, including for-profit schools) participating in the student financial assistance programs. Work at these types of institutions is complex and thus expensive.

However, pursuit of these cases is much more effective than targeting individual beneficiaries of the program, because these cases generate greater publicity and therefore have greater deterrent value. To those who participate in the programs, OIG's work puts them on notice that if they engage in fraudulent activity they will be caught. Identity theft in the student financial assistance programs continues to be a high priority.

In recent years, OIG has received a declining level of support in investigations from other law enforcement agencies, such as the FBI. Because of this, more of the investigative workload has been borne by OIG's own investigators. If the requested additional staff is not provided, OIG will limit investigations to only the highest-priority allegations. Investigations of misuse of funds would likely be curtailed.

Information Technology Audits and Computer Crime Investigations (ITACCI)

The IG ITACCI group includes auditors, investigators, and information technology specialists combined under one umbrella to provide an integrated approach to a wide range of IT-related issues. ITACCI uses advanced techniques, along with traditional audit and investigative skills, to carry out the mission of the OIG, in the area of the Department's IT systems and efforts. The ITACCI team produces IT audit reports, security reviews, and other products to assist the Department in identifying risks and offering recommendations to improve management of its systems. The team also conducts investigations of criminal IT activity, such as network intrusions, identity theft, fraud, and virtually every other type of criminal activity associated with computers.

ITACCI efforts will include assessing the Department's overall compliance with the information security provisions of the Federal Information Security Management Act (FISMA) and related information security standards identified with the Office of Management and Budget (OMB) reporting guidelines. OIG will also evaluate the security performance of the Department's mission-critical and supportive systems by reviewing the effectiveness of general and technical IT security controls.

The requested staffing level for ITACCI will allow OIG to provide the level of expertise needed in information technology to conduct audits of the Department's systems and operations, investigate cyber crime, and provide support for investigative activities.

Evaluation, Inspection and Management Services

The Evaluation, Inspection and Management Services is composed of 2 subcomponents – Evaluations and Inspection Services (E&I) and Management Services. The E&I team is multidisciplinary and uses a variety of methods and techniques to achieve its objectives of promoting the efficient and effective use of Department resources and the integrity of Department programs. E&I products provide factual and analytical information to managers for decision-making, make recommendations for improvements to programs and operations, and

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identify areas where administrative actions may be necessary. Management Services provides administrative support including personnel, budget, procurement, and IT operations for OIG’s nationwide activities. The requested staffing level will enhance OIG’s ability to provide quick, timely information to program managers and to provide greater coverage of Department activities with comparatively fewer resources by using alternative review methods and evaluation techniques.

Counsel

The OIG Counsel’s Office provides legal advice and assistance to OIG staff on a variety of subject areas including Federal education law, administrative, criminal and civil law procedure, and the *False Claims Act*. Counsel staff reviews OIG audit and inspection reports and related products, and reviews and approves subpoenas. The office also manages OIG’s *Freedom of Information Act* and *Privacy Act* programs.

Non-Personnel Costs

The OIG request includes \$21,181 million for non-personnel costs, an increase of \$2.540 million over the 2011 annualized CR level. Of the total, \$11.968 million is for departmental centralized services (overhead expenses), including the EDUCATE contract (Education Department Utility for Communications, Applications and Technical Environment) and \$9.213 million is for other non-personnel costs. The requested resources will allow OIG to have an effective program for identifying improvements in Department programs and operations and for investigating significant instances of fraud, waste, and abuse.

Departmental Centralized Services

OIG’s request of \$11.968 million for overhead, an increase of \$254,000 from the 2011 annualized CR level, will cover a variety of costs. The major items included in overhead costs are: rent; interagency agreements for services such as payroll processing, guard services, and security investigations; communications; and IT services and contracts. The communications and IT amounts will be used primarily for the EDUCATE contract, which covers telecommunications, IT processing services, network support, end-user support, maintenance, and improvements. Rent, the EDUCATE contract, and other IT costs use 82 percent of the centralized services resources.

Departmental Centralized Services

(Dollars in 000s)

Item	2011 CR	2012 Request	Difference
Rent	\$5,516	\$5,707	\$191
IT and telecommunications services and contracts	4,154	4,102	(52)
Interagency agreements	1,219	1,242	23
Other	825	917	92
Non-Pay Centralized Services	11,714	11,968	254

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Other Non-Personnel Costs

Travel

OIG is requesting \$1.891 million in travel funds, \$277,000 more than the 2011 annualized CR level. The increase covers travel expenses for the requested 30 additional auditors, investigators, and other specialists, as well as anticipated increases in the cost of travel for current staff. The majority of OIG's travel is directly associated with audits and investigations. At this funding level, OIG will be able to carry out nationwide audits and investigations, inspections, and other related work. Most OIG audit and investigative work involves travel to State education agencies, schools, guaranty agencies, or single beneficiaries that are recipients of Federal education funds. Since few schools, guaranty agencies, or single beneficiary cases are located in the cities where OIG has staff, it is necessary for regional audit and investigations staff to travel to the work site to ensure the financial integrity of the Department's programs.

Advisory and Assistance Services

The request of \$4.015 million for advisory and assistance services, \$1.186 million over the 2011 predicted appropriation, encompasses the following projects:

- Audit of Departmentwide Financial Statements - In order to fulfill its statutory audit responsibilities, assist the Department in obtaining an unqualified opinion on its financial statements, and support the Department's strategic objective of developing and maintaining financial integrity and management and internal controls, OIG is requesting \$2.074 million, \$171,000 more than the 2011 CR level, to contract for the audit of the Departmentwide fiscal year 2012 financial statements. In addition to these amounts, \$725,000 is included in the Student Aid Administration budget request for additional work under the contract. As required by the Government Management Reform Act (GMRA) of 1994, the OIG will oversee the conduct of the audit of financial statements, including Federal Student Aid (FSA) statements, by an independent CPA firm. Congress designated FSA as a Performance-Based Organization to operate as a discrete management unit responsible for managing the functions supporting the Title IV programs. The audit will result in reports on the Departmentwide financial statements, including FSA, FSA's financial statements, the special purpose financial statements, and Federal intergovernmental balances. The scope of the audits will include the examination and analysis of account balances, review of applicable financial systems, and evaluation of internal controls and compliance with significant laws and regulations. Audit results will include an assessment of the fair presentation of the financial statements, recommendations for improving financial accountability and stewardship, and identification of areas requiring further review.
- Systems Security Audits - OIG is requesting \$975,000 for systems security audits, \$75,000 more than the 2011 level. This level of funding will allow OIG to expand IT security reviews to more systems, including audits of contractor-owned, contractor-operated systems. Reviews of systems development life cycles, enterprise architecture, and IT project management would also be expanded. Computer forensic analysis would also be enhanced.

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- ITACCI Support - The requested increase includes \$519,000 for a new contract for advisory and assistance services to support IT security operations, computer forensics and data mining experts for the Information Technology Audits and Computer Crimes (ITACCI) group. The contract would provide for expert assistance in data warehouse architecture to assist in the creation of a dimensional model for the OIG Data Analytics System data warehouse. The contract would also provide for the services of a senior programmer to assist the audit and investigative teams in conducting in-depth analysis of varied database platforms and assessing and identifying data mining patterns and risk modeling trends.
- Training for Independent Public Accountants - The requested amount also includes \$250,000, the same as the 2011 level, for a contract to use webcasting technology to present training sessions for independent public accountants who prepare audits that postsecondary institutions and their lenders submit under Title IV requirements. As a result, the Department expects to receive higher-quality independent audits than those received in the past.
- Certification and Accreditation (C&A) - The request includes \$147,000 to contract for certification and accreditation of OIG's IT systems.
- Data Mining Consultant - OIG is requesting an increase of \$24,000, to \$50,000, for a contract for a data mining consultant. These services are not included in the ITACCI support contract above.

Other Services

This request includes an increase of \$53,000, to a total of \$304,000, for 10 additional leased cars. This would bring the total number of leased cars to 58. In its request to the Department, OIG requested an increase of \$300,000 to bring the total number of leased cars to 91. OIG has stated that additional cars, one per investigator, would increase efficiency and effectiveness. Currently, some investigators share leased cars.

The request also includes a total of \$126,000 for other contractual services, the same level as the prior year.

Training

OIG is requesting \$632,000 for non-centralized staff training, an increase of \$103,000 over the 2011 CR level. In addition, OIG has requested \$251,000 for centralized training funds, an increase of \$135,000 over the 2011 level. The total training request for 2012 is \$883,000, an increase of \$238,000 over 2011. OIG routinely examines the skills and knowledge needed by its entire staff and develops individual training plans to address identified skill gaps. Based upon its succession and leadership plans, OIG requires training funds to build the skills within its workforce to address future management and leadership requirements. In addition, OIG auditors and investigators must fulfill extensive professional training requirements. Such courses, given by professional organizations, are generally expensive. This amount will cover

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the full costs of review courses and examinations to obtain professional certifications, such as Certified Public Accountant, Certified Information Systems Auditor, Certified Government Financial Manager, etc. OIG also has broad-based IT skill development requirements, primarily due to the crosscutting nature of the IT environment encountered within the Department and its e-Government initiatives. As new IT technologies emerge, training becomes even more critical to maintain up-to-date skills and knowledge. New computer threat techniques and weaknesses continually evolve and IT personnel must remain diligent in maintaining an expert knowledge base of all IT technologies.

IT Contracts and Equipment

OIG is requesting an increase of \$263,000, to \$611,000, to support software maintenance agreements, software license renewals and IT equipment purchases not covered by centralized funding for the Information Technology Audits and Computer Crime Investigations (ITACCI) staff. This amount also covers a separate forensic media analysis network not covered by the EDUCATE contract, to be used for evaluation and assessment of the Department's FISMA compliance. Some of these funds (\$220,000) have previously been included under operations and maintenance of equipment. In addition, OIG has requested \$4.102 million in centralized services, a decrease of \$52,000 from the 2011 CR level for centralized IT and telecommunications contracts. The combined central and non-central IT request for 2012 is \$4.713 million, \$211,000 more than the 2011 CR level.

Interagency Agreements

OIG's request includes \$455,000, an increase of \$275,000, for the Council of Inspectors General on Integrity and Efficiency (CIGIE). Funding for miscellaneous interagency agreements, which provide for a variety of services provided by other Federal agencies, decreases by \$181,000 in 2012, to a level of \$313,000.

Building Alterations

OIG's request includes \$420,000, an increase of \$249,000, in non-centralized building alterations costs. OIG will establish 2-person sub-offices in Michigan and Tennessee, as well as provide for miscellaneous facilities projects, such as reconfiguring space by expanding or dividing offices, changing door locks, improving lighting, and other costs associated with improving the work environment, including items deferred from 2011 due to funding constraints.

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PROGRAM OUTPUT MEASURES

	<u>2010</u>	<u>2011 CR</u>	<u>2012</u>
Reports and other products issued by OIG auditors	54	35	50
Quality control reviews on non-Federal audits	60	50	110
Financial statements audited	3	3	3
Criminal investigations completed	150	150	165
Complaints referred	3,100	3,200	3,300
Hotline allegations processed	5,800	6,100	6,300
Inspections and other reports	6	5	8

PROGRAM PERFORMANCE INFORMATION

OIG's mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. The requested budgetary resources will allow OIG to engage in the types of activities that will enable the Office to reach these goals and at the same time provide support to the Department in its own mission.

Particular emphasis will be placed on audits, investigations, and inspections of student aid programs, high-risk grantees in elementary and secondary education programs, information security and management, and recently established programs.

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

Performance Measures

This section presents selected performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving results. Achievement of results is based upon the cumulative effect of the resources provided in previous years and those requested in FY 2012 and future years.

OIG has five strategic goals:

- to improve the Department's ability to effectively and efficiently implement its programs and to promote educational excellence and opportunity for all students;
- to strengthen the Department's efforts to improve the delivery of student financial assistance;
- to protect the integrity of the Department's programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse;
- to contribute to improvements in the Department's business operations, and

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- to strive for a diverse and skilled workforce that is provided with the means and assistance necessary to achieve OIG’s mission with excellence, accountability, and integrity.

To determine whether these goals are met, OIG has developed the following performance indicators:

Goal: To promote the efficiency, effectiveness, and integrity of the Department’s programs and operations by conducting independent and objective audits, investigations, inspections, and other activities.

Objective: *To improve the Department’s programs and operations.*

Measure: The percentage of significant recommendations accepted by the Department each year (Desired direction: increase)		
Year	Target	Actual (or date expected)
2007	70	92
2008	70	88
2009	70	94
2010	70	92
2011	70	(October 2011)
2012	70	(October 2012)

Frequency of Data Collection: Annual. Source: FY 2011 Performance Report.

Additional information: OIG audit, investigation, and inspection reports include recommendations for improvements in the Department’s programs and procedures. The Department’s program managers review these recommendations. Accepted recommendations are those recommendations that program managers agree to implement. The performance data show a variable trend of acceptance by managers of OIG’s recommendations.

Measure: The percentage of written reports that meet OIG timeliness standards (Desired direction: increase)		
Year	Target	Actual (or date expected)
2007	75	84
2008	75	74
2009	75	91
2010	75	81
2011	75	(October 2011)
2012	75	(October 2012)

Frequency of Data Collection: Annual. Source: FY 2011 Performance Report.

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Additional information: OIG exceeded the goal in 2010, and will continue to strive to produce written reports in a timely manner.

Measure: The percentage of investigations opened that are of the highest priority to the organization, as defined internally by OIG. (Desired direction: increase)		
Year	Target	Actual (or date expected)
2010	65	70
2011	65	(October 2011)
2012	65	(October 2012)

Frequency of Data Collection: Annual. Source: FY 2011 Performance Report

Additional information: This is a new measure in 2010.

Objective: *To protect the integrity of the Department's programs and operations.*

Measure: The five-year rolling average of OIG-identified financial benefits (audit and inspection monetary recommendations, administrative recoveries and court-ordered fines, restitutions, settlements, and judgments resulting from investigations) as a percentage of the OIG annual budget. (Desired direction: increase)		
Year	Target	Actual (or date expected)
2010	206	271.3
2011	208	(October 2011)
2012	210	(October 2012)

Frequency of Data Collection: Annual. Source: FY 2011 Performance Report

Additional information: Because the amounts of OIG-identified financial benefits may vary significantly from year to year, OIG uses a 5-year rolling average for performance. This is a new measure in 2010.