



# ADMINISTRATIVE COMMUNICATIONS SYSTEM U.S. DEPARTMENT OF EDUCATION

## DEPARTMENTAL DIRECTIVE

OIG: 1-104

Page 1 of 9 (07/02/2012)

*Distribution:*  
All Department of Education  
Employees

*Approved by:* \_\_\_\_\_/s/\_\_\_\_\_  
Kathleen S. Tighe  
Inspector General

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### Inspector General Awards for Cost Savings Disclosures

#### *Table of Contents*

I.	Purpose .....	2
II.	Authority .....	2
III.	Definitions.....	2
IV.	Responsibilities.....	4
V.	Eligibility For Awards .....	4
VI.	Criteria For Granting Awards .....	5
VII.	Procedures For Making Awards .....	6
VIII.	Computation Of Awards .....	7
IX.	Projecting Cost Savings .....	8
X.	Funding Of Awards.....	8
XI.	Timing Of Awards .....	8
XII.	Acceptance Of An Award .....	9
XIII.	Dissemination Of Information On Awards.....	9
XIV.	Expiration Of This Directive .....	9

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This directive supercedes OIG:1-104 Inspector General Awards for Cost Savings Disclosures dated 07/10/2007.

For technical information regarding this directive please contact Howard Sorensen, Assistant Counsel to the Inspector General, on (202) 245-7072.

## I. Purpose

This directive sets forth departmental policies and procedures for making cash awards to the U.S. Department of Education (Department) employees for disclosures to the Inspector General of fraud, waste, or mismanagement where such disclosures have resulted in cost savings to the Department. This directive does not address procedures for making disclosures to the Inspector General, or the protections for employees making disclosures available under the Whistleblower Protection Act. Information on how to disclose information on fraud, waste or abuse is available on the [Office of Inspector General \(OIG\) website](#). Information on prohibited personnel practices and employee protections under the Whistleblower Protection Act is available on the website of the [United States Office of Special Counsel](#).

## II. Authority

Inspector General cash awards for cost savings disclosures are authorized under 5 U.S.C. § 4512.

## III. Definitions

For purposes of these awards, the following definitions apply:

### A. Disclosure

Disclosure means voluntary communication of alleged fraud, waste, or mismanagement made by a Department employee to the OIG. Disclosures may be written or oral, and may be sent via facsimile or electronic mail.

A disclosure made by an employee during the course of an audit, inspection, investigation or other review, in response to official OIG or Department of Justice inquiry does not qualify for an award under this program.

### B. Fraud

Fraud is willful or conscious wrongdoing that adversely affects the interest of the Government. Examples of fraudulent activities or practices include, but are not limited to, the following:

1. Falsification of documents (e.g., purchase orders or travel vouchers);
2. Charging of personal expenses to Government contracts or grants;
3. Diversion of Government property or funds for unauthorized uses (e.g., diversion of Government funds into personal accounts);

4. Using Government purchase credit cards for personal gain;
5. Intentional mischarging or misallocation of contract or grant costs;
6. Intentional suppression or perversion of the truth for purposes of material gain;
7. Submission or approval of false claims (e.g., invoices for services not performed or materials not delivered); or
8. Regulatory or statutory violations, such as bribery, theft of Government property, receiving kickbacks, and conflict of interest.

C. Waste

Waste is the deliberate or conscious misuse of Department personnel, monies, equipment, or other resources.

D. Mismanagement

Mismanagement refers to management practices or activities, whether deliberate or attributable to negligence or to incompetence, which adversely affect the interests of the Government.

E. Cost Savings

Cost savings are those present tangible net benefits to the Department for which the monetary value can reasonably be established, and which have already been realized. (See VI.D).

1. Cost savings may result from:
  - a. Reduction or avoidance of direct or recognizable costs or losses;
  - b. Collection or recoupment of funds expended for: 1) Government grants or cooperative agreements, or 2) contracts for property or services; or
  - c. Collection or recoupment of money disbursed as program expenditures for program entitlements, loans and loan or bond guarantees.
2. In addition to actual cost savings, projected tangible net benefits to the Department, for which the monetary value can reasonably be estimated, may also be considered when the amount of the award is being calculated. (See VIII.A.3 and IX.)

## IV. Responsibilities

### A. Inspector General

The Inspector General is responsible for the evaluation and recommendation of Inspector General cost savings awards.

### B. Office of Management

The Office of Management (OM) funds the cost savings awards from the Department's centralized award budget and concurs in the award determinations. The OM Executive Officer will certify fund availability for awards that are recommended in the current fiscal year.

### C. Budget Service

Budget Service approves the funding of cost savings awards attributable to a period or activity that occurred in a prior fiscal year.

### D. Department Employees

Department employees who become aware of fraud, waste, mismanagement, or other criminal violations should report such instances to OIG in accordance with OIG:1-103 VI.A.

### E. Human Capital and Client Services (HCCS)

Human Capital and Client Services within OM will ensure that all documentation which is processed through that office, and which pertains to awards granted under this program, is governed by the same conditions and regulations that protect the confidentiality of all records maintained in that office.

## V. Eligibility For Awards

- A. Except for employees of OIG, all current and former Department employees are eligible to receive an award under this authority.
- B. Awards may also be granted to the legal heirs or assigns of deceased employees.
- C. Employees will be considered for awards under this program without discrimination on the basis of race, color, religion, national origin, sex, political affiliation, marital status, sexual orientation, physical or mental handicap, age, or membership or non-membership in a labor organization.

- D. Awards are subject to the availability of appropriated funds for payment of awards.

## VI. Criteria For Granting Awards

### A. Quality of the Disclosure

In determining whether to approve an award, the Inspector General may consider the following characteristics of the disclosure:

1. Timeliness - Was the disclosure communicated immediately upon discovery or soon thereafter?
2. Accuracy - Were the contents of the disclosure truthful and correct?
3. Specificity - Did the disclosure contain specific details?
4. Scope - What activities did the disclosure cover or include?
5. Usefulness - Was the disclosure valuable?

### B. Additional Factors

The following factors may also be considered:

1. The circumstances under which the employee acquired the information disclosed.
2. The potential risk to the employee, such as a supervisor taking, failing to take, or threatening to take a personnel action with respect to the employee for making the disclosure.
3. Whether the employee received a Suggestion Cash Award for the same or similar disclosure. OS:1-103.

### C. Employee Culpability

No employee may receive an award for disclosing fraud, waste or mismanagement for which the employee is wholly or partly culpable.

### D. Result of Disclosure

Before an employee can receive an award, the Department or OIG must realize a cost savings directly attributable to the employee's disclosure.

E. Time of Disclosure

To be eligible for an award, an individual's disclosure must have been made while he or she was employed by the Department.

## VII. Procedures For Making Awards

A. Request for Awards

Any OIG manager who becomes aware of a disclosure of fraud, waste, or mismanagement may recommend that a cost savings award be given to the individual who made the disclosure. In addition, an employee who makes a disclosure may also request consideration for an award. All recommendations and requests should be made to the Assistant Inspector General for Evaluation, Inspection and Management Services.

B. Recommendations

All award recommendations will be made to the Inspector General by the Director for Management Services through the Assistant Inspector General for Evaluation, Inspection and Management Services.

1. Before an evaluation of a disclosure is conducted under this program, OIG will contact the Department's Suggestion Coordinator to ascertain whether the individual may have received a Suggestion Cash Award for the same or similar disclosure.
  - a. The Suggestion Coordinator will notify OIG of the results of his or her inquiries within 10 working days after receiving the representative's request.
  - b. Upon notification by the Suggestion Coordinator that the individual did in fact receive such an award, OIG will then include this factor in its assessment of the disclosure.
2. Management Services, with assistance from other Office of Inspector General components as appropriate, shall review and analyze the facts of the disclosure. The analysis shall include consulting with the Assistant Inspector General whose function is most closely related to the disclosure and with the Counsel to the Inspector General.
3. The criteria established under Section VI of this directive will guide OIG components in evaluating disclosures and making recommendations to the Inspector General.

4. Prior to making any recommendation for a cash award, Management Services shall confirm with OM's Executive Officer and Budget Services the availability of funds for an award.
5. If the Director for Management Services recommends that an award be made, the recommendation shall include the proposed amount of the cash award, along with supporting documentation justifying the proposal. Likewise, a recommendation that an award should not be made shall include documentation that supports denial of an award.

C. Decision by the Inspector General

The Inspector General will review the award recommendation and make the award determination based on the criteria established in Section VI, above. Prior to a final determination to make an award, the Inspector General will recommend the funding of the award to OM. Upon receipt of concurrence in funding from OM, the Inspector General will make the final award. If the Inspector General determines not to make an award, that decision is in the sole discretion of the Inspector General.

D. Notification

An individual who requests or is nominated for an award shall be notified in writing, by OIG, whether he or she has received an award.

## VIII. Computation Of Awards

A. Initial Awards

1. The amount of an award may not exceed the lesser of:
  - a. \$10,000; or
  - b. An amount equal to one percent of Department cost savings attributable to the employee's disclosure.
2. In order to be considered for an award, a disclosure must result in a cost savings of at least \$50,000.
3. In computing an award, OIG may take into account departmental cost savings, projected for up to 2 subsequent fiscal years, which will be attributable to the employee's disclosure. In reaching a determination of cost savings, OIG will consult with the departmental operating component that realized the savings, OM, and Budget Services.

## B. Prorating Awards

If the Inspector General should receive substantially the same information from more than one employee, the Inspector General may divide any award for the disclosure among the employees based on the criteria in Section VI, above.

# IX. **Projecting Cost Savings**

## A. General

Projected savings may be included as cost savings at such time as the realization of those projected savings appears reasonably certain, including but not limited to the time at which:

1. Action is instituted to discontinue planned expenditures;
2. Recommendations that will result in foreseeable savings are accepted by the official responsible for their implementation; or
3. Line items in agency budget plans submitted to the Office of Management and Budget are reduced as a result of the disclosure.

## B. Salaries and Expenses

Cost savings that will result in the need for fewer personnel, supplies, or other resources are realized at such time as:

1. The planned budget is altered;
2. The resources are reprogrammed; or
3. Plans to acquire additional resources are accordingly reduced or abandoned.

# X. **Funding Of Awards**

Initially, each operating unit will be charged when an award is made to an employee on its payroll for a disclosure which resulted in a cost savings. The employee's Executive Officer will then notify OM's Executive Officer to transfer the charges to the OM account that funds departmental awards.

# XI. **Timing Of Awards**

Awards are to be granted as soon as practicable after an assessment has been made of the cost savings to the Department.

## **XII. Acceptance Of An Award**

- A. A cash award under this authority is granted without regard to, and in addition to, the regular pay of the recipient.
- B. Acceptance of a cash award constitutes an agreement that the use by the Government of an idea, method, or device for which the award is made does not form the basis of a further claim of any nature against the Government by the employee or by the employee's heirs or assigns. (5 U.S.C. § 4511).

## **XIII. Dissemination Of Information On Awards**

### **A. Publicizing Awards**

The names of award recipients will be not be publicized by the Department without the written consent of the recipient. However, the name of the recipient and information about the award may be disclosed under the statutory exemptions of the Privacy Act (5 U.S.C. §552a(b)), the requirements of the Inspector General Act of 1978, as amended, or the Freedom of Information Act (5 U.S.C. § 552). OPM regulations at 5 C.F.R. §293.311(a) also provide that information on employee awards is available to the public under FOIA.

The Inspector General will disseminate the following information within the Department and, as appropriate, to the public:

1. The number and amounts of the awards.
  2. The savings to the Government.
  3. A synopsis of actions taken as a result of the disclosure(s).
- B. On an annual basis, the Inspector General will advise HCCS of the number and amounts of awards by employee grade level and pay schedule. HCCS will then include this information in the Department's annual report to OPM on the Incentive Awards Program.

## **XIV. Expiration Of This Directive**

This directive shall expire upon the termination of the authority for cost savings awards provided by 5 U.S.C. §§ 4512 and 4513.