



Semiannual Report to Congress, No. 82

October 1, 2020–March 31, 2021

U.S. Department of Education
Office of Inspector General



Office of Inspector General
Sandra D. Bruce
Acting Inspector General

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Message from Acting Inspector General Sandra D. Bruce

On behalf of the employees of the U.S. Department of Education (Department) Office of Inspector General (OIG), I want to open this Semiannual Report by acknowledging the lives of the more than 550,000 people we lost in this country due to the coronavirus disease 2019 (COVID-19) pandemic. Although we are grateful for the availability of vaccines and the actions Americans are taking to protect themselves against the spread of COVID-19, our thoughts go out to the families and friends of those who lost their lives to the pandemic. We pray that the memories of their loved ones are a comfort and will help them through these difficult times.

I also want to acknowledge America's teachers, faculty, staff, students, and their families for their continued resiliency, patience, flexibility, and creativity. We know it has not been easy, but their unwavering commitment to educating children through whatever means possible is nothing short of inspirational.

Here at the OIG, March 16, 2021, marked 1 year of working in a 100-percent telework posture, with an exception for OIG criminal investigators working on mission-essential activities. I am so proud of this staff for their fortitude and for their commitment to our mission and to one another. Like many Americans, OIG staff have had to juggle to find balance between conducting their work while also providing care and overseeing schooling for their children or taking care of aging parents. Working together, our team developed and implemented a range of communication methods and initiatives to keep everyone informed and connected so we could continue to meet our operational goals. This resiliency enabled us to create new ways of approaching and conducting our oversight and law enforcement efforts so we could meet our responsibilities on behalf of America's taxpayers and students. This includes our oversight work related to the historic levels of emergency funding the Congress authorized to the Department to help States and schools meet their needs and the needs of their students impacted by the COVID-19 pandemic. Our work involving these funds is well underway and will increase as States and schools further disburse and spend this funding. You will find the results of our early work involving COVID-19 in

the pages of this Semiannual Report, which presents the activities and accomplishments of the OIG from October 1, 2020, through March 31, 2021.

In our audit-related work, we issued 13 reports, identified more than \$7.6 million in questioned and unsupported costs, and offered recommendations aimed at improving Department programs and operations. Examples of this audit work are highlighted below. In addition, we completed 51 quality control and desk reviews of required audits submitted by recipients of Department funding. You will find the results of that work beginning on [page 43](#) of this report.

- Our inspection found that 81 of the 100 institutions included in our review complied with Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Higher Education Emergency Relief Fund (HEERF) Institutional Portion reporting requirements. We noted that 80 of the institutions posted reports on their websites; however, we were unable to locate Institutional Portion reports anywhere on the websites associated with 19 of the 100 institutions. These 19 institutions had drawn down over \$5.5 million out of almost \$29 million awarded to these institutions under the Institutional Portion of HEERF as of September 30, 2020.
- Our audit of the Florida Department of Education's internal controls over Temporary Emergency Impact Aid for Displaced Students program funding found that Florida did not ensure that the data provided to the Department were accurate and complete because it did not always prevent or detect inaccurate displaced student counts that local educational agencies reported. As a result, the two local educational agencies had unsupported costs totaling \$5.13 million.
- Our audit of the University of Texas at San Antonio's (San Antonio) controls related to the Jeanne Clery Disclosure and Campus Security Policy and Campus Crime Statistics Act (Clery Act) found that the school did not have effective controls to ensure that it reported complete and

accurate Clery Act crime statistics. San Antonio had processes for requesting crime statistics from local law enforcement agencies, identifying campus security authorities, processing and compiling the crime information, and reporting the annual Clery Act crime statistics by the reporting deadline. However, these processes were not effectively designed or consistently performed during the audit period and did not provide reasonable assurance that the reported Clery Act crime statistics would be complete and accurate.

- Our fiscal year (FY) 2020 Federal Information Security Modernization Act of 2014 (FISMA) review concluded that although the Department had several notable improvements in implementing its cybersecurity initiatives, its overall information technology security programs and practices were not effective in all five security functions. We had findings in all eight metric domains, which included findings with the same or similar conditions identified in prior FISMA reports. Until the Department improves in these areas, it cannot ensure that its overall information security program adequately protects its systems and resources from compromise and loss.
- For FY 2020, although the Department and Federal Student Aid (FSA) received unmodified opinions on their financial statements, the auditors identified a material weakness in the Department's controls over the reliability of underlying data used in credit reform re-estimates of the subsidy costs of its student loan programs. The auditors also identified three significant deficiencies: one involving information technology controls; another involving its monitoring controls of an information technology servicer responsible for internal controls at a data center; and third, an entity-wide deficiency in its overall control environment. Ineffective controls impact management's ability to prevent, detect, and correct errors and can increase the risk of unauthorized access to the Department's systems. The auditors also found one instance of reportable noncompliance with Federal law related to referring delinquent student loan debts to the U.S. Department of the Treasury.
- Our inspection report on the Department's Recognition of the Accrediting Council for Independent Colleges and Schools (ACICS) as an accrediting agency determined that the Department's process for assessing ACICS' compliance with Federal regulatory criteria for recognition followed applicable policies and regulations with one exception. During the 2016 recognition review, the Department's process did not consider all available relevant information during its review as required. We also determined that the Department implemented a process for assessing ACICS' compliance with recognition criteria following a court remand in 2018 that was permitted under applicable policies and regulations as well as the court's remand order.

In our investigative work, we closed 21 investigations involving fraud or corruption and secured more than \$16.5 million in restitution, settlements, fines, recoveries, forfeitures, and estimated savings. As a result of this work, criminal actions were taken against numerous people, including current and former school officials and service providers who cheated students and taxpayers. Our investigative work included the following.

- Criminal and civil actions were taken against several educational services providers for fraud. This included guilty pleas by three people and sentencing for one person involved in a \$24 million tutoring scheme perpetrated by Creative Educational and Psychological Services, who charged the Puerto Rico Department of Education for tutoring services never provided; the imprisoned owners of Brilliance Academy, who agreed to pay the Department \$4 million for misappropriating Federal funds that were meant to provide tutoring services to underprivileged students; and a \$1.18 million settlement by Innovative Educational Programs, LLC, to settle claims that it improperly billed and obtained Federal funds for after-school tutoring services that it never provided.
- Six former administrators at the Columbus, Georgia, campus of the Apex School of Theology were indicted on charges related to their roles in a student aid fraud scam. The administrators allegedly recruited people to enroll in the schools with promises of "free money" and that they wouldn't have to attend classes or do any

of the work—all they had to do was agree to split their student aid award balances with the administrators.

- Criminal actions were taken in multimillion-dollar fraud cases involving charter school officials. This included a prison sentence for the former chief executive officer of the now-closed Bradley Academy of Excellence in Arizona for his role in a \$2.5 million fraud scheme and a guilty plea by the former head of the Community Preparatory Academy charter school for stealing more than \$3 million from the schools.
- Two former Alabama school superintendents and four others were indicted for their roles in a fraud scheme that targeted the State funding for virtual schools. According to the indictment, the conspirators offered various inducements to private schools in exchange for student data that the conspirators then used to create phony student records showing those students as attending Alabama virtual schools. Those records and related academic materials were submitted to the Alabama State Department of Education, which then paid the school districts millions of dollars for supposedly educating these private school students, who at no time attended the virtual schools. The conspirators are alleged to have skimmed a portion of that State money for their personal use.
- The former secretary of the Puerto Rico Department of Sports and Recreation and others were sentenced for their roles in a kickback, fraud, and money laundering conspiracy involving more than \$9.8 million in fraudulently awarded contracts. The former secretary awarded federally funded contracts without a competitive bidding evaluation process and awarded contracts for services at inflated prices. Federal funds fraudulently obtained through this scheme were used to operate and promote boxing events, television shows, travel, political campaigns, and business ventures.
- Members of student aid fraud rings were sentenced, pled guilty, or were indicted for their roles in student aid fraud rings, including a guilty plea by a woman in California for participating in a ring that targeted more than \$3 million in Federal student aid; a guilty plea by a member of another California-based ring that targeted

more than \$1 million in Federal student aid; a woman charged in Michigan for participating in a ring that targeted \$600,000; and sentences of probation for two members of fraud rings based in Texas that targeted \$550,000 in Federal student aid.

Our Semiannual Report also contains information on other efforts the OIG completed during this reporting period. This includes our required non-Federal audit-related work and other reports issued during the reporting period, such as our FY 2021 Management Challenges report, our FYs 2021–2022 Annual Plan, and a report that I am particularly proud of: our [FY 2020 Diversity, Equity, and Inclusion Annual Progress report](#). That report shows what we accomplished during the first year in implementing our 5-year [Diversity and Inclusion Strategic Plan](#) and presents the goals and strategies we are employing in FY 2021. We will continue to expand our organizational culture that encourages collaboration, flexibility, and fairness so we can continue to meet our mission, exceed our goals, and produce quality work that is accessible to the diverse public we serve. Lastly, this Semiannual Report includes summary tables and tables containing statistical and other data as required by the Inspector General Act of 1978, as amended, and other statutes.

To the members of the U.S. Congress, we thank you for all that you are doing to help our nation during the pandemic, particularly through passage of the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan. The OIG will fulfill its responsibilities set forth in these measures by ensuring that the funding provided to the Department and its grantees is used as intended and by investigating misuse, theft, or other criminal activity involving these funds. As a member of the Pandemic Response Accountability Committee established by the CARES Act, we will work tirelessly with our colleagues to help ensure that all of the funding you allotted is protected from fraud, waste, and abuse. Our nation deserves nothing less. In closing, to all reading this report, thank you for your interest in and support of our efforts. Please stay well by taking appropriate action to protect yourselves, your loved ones, and your communities.



Sandra D. Bruce
Acting Inspector General



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Acronyms and Abbreviations



Coronavirus Relief Aid and Disaster Recovery

The U.S. Department of Education (Department) has been charged with allocating billions of dollars to assist States, K-12 schools, school districts, and institutions of higher education in meeting their needs and the needs of their students impacted by the coronavirus disease 2019 (COVID-19). The Office of Inspector General (OIG) has been charged with ensuring that these vital funds are used as required and reach the intended recipients, and with investigating misuse, theft, and other criminal activity involving these funds.

Reports

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by Congress on March 27, 2020. The bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, about \$14 billion was given to the Department to administer the Higher Education Emergency Relief Fund (HEERF). The HEERF provides funding to institutions for emergency financial aid grants to students for expenses related to the disruption of campus operations due to the COVID-19 pandemic. Institutions receiving these funds are required to submit a report to the Secretary of Education describing the use of funds distributed. This includes a quarterly report that must be posted on the institution's website. The first report was due on October 30, 2020, covering the period from the first award through September 30, 2020. During this reporting period, we conducted an inspection to determine (1) whether selected institutions receiving funding under the Institutional Portion of the HEERF met public reporting requirements and (2) the reported usage of the Institutional Portion of the HEERF by selected institutions. We reviewed the first quarterly report for 100 institutions, which included 20 institutions that received the highest amount of funding under the Institutional Portion of the HEERF and a randomly selected sample of public, private, for-profit, and other institutions. A summary of the inspection follows.

Higher Education Emergency Relief Fund Reporting Requirements

We determined that 81 of the 100 institutions complied with Institutional Portion reporting requirements. We noted that 80 of the institutions posted reports on their websites dated on or before the October 30, 2020, deadline and that 1 posted a report dated October 31, 2020. We were unable to locate the Institutional Portion reports associated with 19 (19 percent) of the 100 institutions included in our sample anywhere on the websites. These 19 institutions had drawn down over \$5.5 million out of almost \$29 million (19 percent) awarded to these institutions under the Institutional Portion of the HEERF as of September 30, 2020, the end of the reporting period. We found that 6 (22 percent) of the 27 institutions in our sample

that reported expenditures in the Other Uses category did not follow Department instructions or did not provide sufficient detail.

According to the posted quarterly reports, as of September 30, 2020, the 81 reporting institutions have spent over \$283 million (45 percent) of the total Institutional Portion funds obligated to them. Of the 81 institutions that reported, we noted that the most frequently reported expenditure categories included Campus Safety (48 institutions), Additional Distance Learning Equipment (41 institutions), Tuition Reimbursement (35 institutions), Technology Hardware (29 institutions), and Other Uses (27 institutions). The majority of the funding was spent on Tuition Reimbursement (56 percent). Conversely, the least frequently reported categories by the 81 reporting institutions included Subsidized Off-Campus Housing (7 institutions) and Subsidized Food Service (4 institutions). Overall, institutions spent less than 4 percent of Institutional Portion funds on Subsidized Off-Campus Housing (2 percent), Additional Class Sections (0.7 percent), Internet (0.6 percent), Staff Training (0.4 percent), and Subsidized Food Service (0.1 percent). During our review, we also noted anomalies regarding awards and recipient identifiers that we brought to the Department's attention, and suggested they review the anomalies and take corrective action as warranted. The Department agreed with our suggestions. [HEERF Report](#)

Investigations and Outreach

Below you will find information on an OIG coronavirus aid investigation and an update on our coronavirus fraud awareness and outreach efforts.

Two Louisiana College Students Charged with Identity Theft Associated with the HEERF Program (Louisiana)

Two Louisiana College students were charged with identity theft in a conspiracy to fraudulently get coronavirus HEERF aid for their own use. According to the indictment, the two and others obtained the student identification numbers and passwords of nine students and without authority, accessed the school's student portal where they applied for HEERF grants in the names of those students and directed the grant payments to bank accounts controlled by members of the conspiracy. [Press Release](#)

OIG Investigation Identified Issue with HEERF Grants Awarded to Now-Closed School

The OIG investigated a matter involving a proprietary IHE that received nearly \$54,000 in HEERF grants in July 2020, and then closed in October 2020. The school did not notify the students ahead of the closure nor did it provide the students with any of the grant funds. We shared this information with the Department's Office of Postsecondary Education (OPE), which was not aware the school had closed but noted that the school had not drawn down any of the HEERF grant. Nonetheless, OPE initiated a stop payment on the HEERF grant funds, preventing the now-closed school from obtaining them.



New Fraud Awareness Materials and Outreach

During this reporting period, the OIG created new materials aimed at helping school employees from kindergarten through college, Governors' offices, and law enforcement organizations identify and report potential fraud involving coronavirus response and relief funds to the OIG. This included a [digital booklet](#) and a [one-page flyer](#). The materials highlight what education-related coronavirus fraud could look like and provides information on free resources to help identify and report to the OIG's Special Investigations Unit. Also during this reporting period, Special Investigations Unit and regional investigative staff continued to conduct outreach to stakeholders on identifying

and reporting fraud, including hosting a webinar before the National Association of Student Financial Aid Administrators on working with the OIG to identify and stop coronavirus-related fraud. They also continued to participate on Federal-State COVID-19 task forces and work groups. These task forces are a collective of Federal and State law enforcement and prosecutive entities combining their investigative power to quickly address fraud complaints and to identify, investigate, and prosecute fraud related to the pandemic.

Guidance to Non-Federal Auditors

The Inspector General Act of 1978, as amended, requires that inspectors general take appropriate steps to ensure that any work performed by non-Federal auditors complies with Government Auditing Standards. This includes issuing audit guides to help independent public accountants or audit organizations performing audits of participants in the Department's programs. During this reporting period, the OIG developed and issued a new [audit guide](#) for proprietary schools receiving HEERF grants. The guide is to be used by auditors of all proprietary schools receiving any HEERF grants, except those proprietary schools that (1) spent less than \$500,000 in total HEERF grant funds, whether received under the CARES Act, the Coronavirus Supplemental Appropriations Act, the American Rescue Plan, or any future acts during the fiscal year and (2) are not otherwise on heightened cash monitoring 1 or 2 status during the fiscal year in which it spent any HEERF grant funds and are therefore exempt from HEERF compliance audits.

OIG staff also participated in a training session at the 2020 American Institute of Certified Public Accountant's Governmental and Not-for-Profit Training Program, which provided a regulator's viewpoint on (1) the impact of the COVID-19 pandemic on single audits, (2) quality control and desk reviews and common trends that are being found, and (3) Federal oversight activities of COVID-19 funding.

Pandemic Response Accountability Committee

The CARES Act established the Pandemic Response Accountability Committee (PRAC), composed of inspectors general from across the Federal government. The PRAC is tasked with conducting, coordinating, and supporting inspectors general in the oversight of the trillions of dollars in emergency Federal spending to address the economic impacts of the COVID-19 pandemic. The CARES Act named nine agency inspectors general to the Committee, including the U.S. Department of Education. Acting Inspector General Sandra D. Bruce represents the OIG on the PRAC, chairs the PRAC's subcommittee focused on Government Accountability Office and State and local oversight efforts, and is a member of the PRAC Financial Sector Oversight Workgroup. During this reporting period, the PRAC Financial Sector Oversight Workgroup held two listening sessions: the first focused on coronavirus funding and oversight challenges facing the banking sector; the second focused on challenges facing the borrower community, particularly challenges facing communities of color. Acting Inspector General Bruce moderated the second discussion, which included organizations representing the perspective of small business borrowers: the National Black Chamber of Commerce and Illinois State Black Chamber of Commerce, U.S. Hispanic Chamber of Commerce, and the Small Business Roundtable. A video of the session is available [here](#).

Also during this reporting period, the PRAC Government Accountability Office, State, and Local Subcommittee launched its "Listening Post" series—small discussion groups including State and local auditors; State treasurers; certified public accountant firms for tribal entity operations; American Institute of Certified Public Accountants; the U.S. Government Accountability Office; other IGs; and the National Association of State Auditors, Comptrollers, and Treasurers. These Listening Posts provide an open and safe forum to discuss challenges, concerns, and best practices; facilitate coordination of audit, program, and other work when possible; and perhaps best of all, help find solutions to challenges in real time. The PRAC held two Listening Post sessions during this reporting period.

Finally, the OIG is participating in a number of PRAC cross-cutting projects: (1) a multiagency study focusing on the timing of State agencies' drawdowns of coronavirus response and relief funds, (2) a multiagency project required by the CARES Act specific to contract grants and staffing projects, and (3) a look at recipients receiving coronavirus response and relief funds from multiple Federal programs for the same purpose (multidipping).

OTHER ACTIVITIES

Participation on Committees, Work Groups, and Task Forces

- **PRAC.** Acting Inspector General Sandra D. Bruce is a member of this Committee, established under the CARES Act. Acting Inspector General Bruce is also leading the PRAC's subcommittee focused on GAO and State and local oversight efforts and is a member of the Financial Sector Oversight Work Group. Assistant Inspector General for Investigation Services Aaron Jordan serves as an Advisory Board member to the PRAC's Fraud Task Force, and Deputy Assistant Inspector General for Investigation Services Shafee Carnegie serves on the PRAC's Investigations Training Subcommittee. Staff members from our Information Technology, Audits, and Computer Crime Investigations component serve on the Data Analytics Group and the Pandemic Analytics Center for Excellence.
- **Council of Counsels to the Inspectors General COVID-19 Work Group.** Counsel to the Inspector General Antigone Potamianos and OIG Assistant Counsels continued to participate in the government-wide OIG attorney working group regarding COVID-19 related legal issues.
- **Procurement Collusion Strike Force.** Assistant Inspector General for Investigations Aaron Jordan continued to coordinate with the Department of Justice Antitrust Division on efforts related to COVID-19.
- **Coronavirus/COVID-19 Federal-State Task Forces.** OIG criminal investigators continued to work with their Federal and State investigative and prosecutive partners to address COVID-19 fraud.



Federal Student Aid Programs and Operations

The Federal student financial aid programs have long been a major focus of our audit and investigative work. These programs are inherently high risk because of their complexity, the amount of funds involved, the number of program participants, and the characteristics of student populations. OIG efforts in this area seek not only to protect Federal student aid funds from fraud, waste, and abuse, but also to protect the interests of the next generation of our nation's leaders—America's students.

Audits and Inspections

The Department disburses about \$121 billion in Federal student aid annually and manages an outstanding loan portfolio valued at more than \$1.5 trillion. This makes the Department one of the largest financial institutions in the country. As such, effective oversight and monitoring of its programs, operations, and program participants are critical. Within the Department, OPE and FSA are responsible for administering and overseeing the student aid programs. OPE develops Federal postsecondary education policies, oversees the accrediting agency recognition process, and provides guidance to schools. FSA disburses student aid, authorizes schools to participate in the student aid programs, works with other participants to deliver services that help students and families finance education beyond high school, and enforces compliance with FSA program requirements. During this reporting period, OIG work identified actions that FSA and OPE should take to address weaknesses in program operations and management. Summaries of these reports follow.

The Department's Recognition of the Accrediting Council for Independent Colleges and Schools as an Accrediting Agency

The objectives of our inspection were to determine the Department process for assessing the Accrediting Council for Independent Colleges and School's (ACICS) compliance with Federal regulatory criteria for recognition, what evidence the Department considered in its review of selected recognition criteria, and whether its conclusions were supported by evidence. Our inspection covered the Department's processes from 2016 through 2018.

Based on our review, we determined that the Department's process followed applicable policies and regulations for the time period of our review, except during the 2016 recognition review. During its 2016 review of ACICS' petition for recognition, the Department did not consider all available relevant information during its review as required. Specifically, the Department had requested and received information from ACICS that was relevant to the recognition review but did not include and consider that information as part of its review. Our inspection found that Office of the

Under Secretary officials under Secretary of Education John King decided to move ahead with the recognition process even after being informed by Department staff that doing so would not leave enough time to review the volume of information requested from and submitted by ACICS. As a result, ACICS successfully challenged the Department's 2016 decision to derecognize ACICS.

Further, our inspection determined that the Department implemented a process for assessing ACICS' compliance with recognition criteria following a court remand in 2018, a process that was permitted under applicable policies and regulations as well as the court's remand order. This process did not include reviews by the Department's Accreditation Group or the National Advisory Committee on Institutional Quality and Integrity. It did include a review of evidence ACICS submitted for each of the recognition criteria for which the Department previously determined ACICS to be noncompliant, information that was originally reviewed by the Department in 2016, information that was submitted by ACICS but not reviewed by the Department in 2016, and updated information submitted by ACICS in 2018. For the recognition criteria we reviewed, we found that the Department's conclusions regarding ACICS' compliance were supported by the evidence cited, and we did not identify any evidence cited that contradicted the conclusions. We did, however, find that the OPE "Guidelines for Preparing and Reviewing Petitions and Compliance Reports" allowed for areas of reviewer subjectivity. Although Federal regulations establish the requirements that agencies must comply with, they generally do not contain instructions or guidance regarding the amount of evidence that is needed to demonstrate compliance. OPE's guidelines did not contain detailed procedures to guide the review of agency recognition petitions, which can and has led to inconsistencies across agency reviews regarding the amount of documentation that is deemed sufficient to demonstrate compliance with Federal recognition requirements.

Based on our findings, we made a number of recommendations aimed at ensuring that all available relevant evidence is considered and reviewed in the accrediting agency review process, determining whether additions should be made to the Accreditation Handbook regarding what constitutes a sufficient level of evidence to demonstrate compliance or noncompliance to ensure consistency in Department recognition reviews, and that the Secretary include more than one layer of subject matter expert review to provide an additional safeguard related to subjectivity risks. The Department agreed with the findings and accepted the recommendations. [ACICS Report](#)

Schools' Control over Clery Act Reporting

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) requires schools that participate in the Federal student aid programs to publish and distribute to current and prospective students and employees an annual security report that describes the school's policies and procedures for campus safety and discloses the school's annual campus crime statistics. The Clery Act also requires schools to report their Clery Act crime statistics to the Department annually and requires the Department to make those statistics available to the public. OPE publishes the Clery Act crime statistics on its campus safety and security website, which includes a tool that allows prospective students to compare crime data across

schools. In our last [Semiannual Report](#), we shared information on our first of two audits to determine whether selected schools have controls in place to ensure that they report complete and accurate campus crime statistics under the Clery Act. That audit involved the [University of North Georgia](#). During this reporting period, we completed our second audit, involving the University of Texas at San Antonio; our findings and recommendations are highlighted below.

University of Texas at San Antonio

Our audit found that the University of Texas at San Antonio (San Antonio) did not have effective controls to ensure that it reported complete and accurate Clery Act crime statistics. San Antonio had processes for requesting crime statistics from local law enforcement agencies, identifying campus security authorities, processing and compiling the crime information, and reporting the annual Clery Act crime statistics by the reporting deadline. However, these processes were not effectively designed or consistently performed during the audit period and did not provide reasonable assurance that the reported Clery Act crime statistics would be complete and accurate. Additionally, we found that San Antonio did not follow all applicable Clery Act requirements and guidance, which, if followed, would help support the completeness and accuracy of the reported crime statistics.

San Antonio's reported Clery Act crime statistics for calendar years 2015–2017 were not complete and accurate. As a result, the statistics did not provide reliable information to current and prospective students, their families, and other members of the campus community for making decisions about personal safety and security. Our audit revealed that San Antonio reported 119 criminal incidents but should have reported at least 173 criminal incidents. Due to weaknesses in San Antonio's internal controls and recordkeeping, we could not identify the total number of Clery Act crimes that the school should have reported during the time period of our review and concluded that the actual reportable number of crimes could be higher than the number we identified. The internal control weaknesses occurred because of two primary factors. First, San Antonio did not obtain adequate feedback from officials possessing appropriate internal control, information management, or Federal education compliance experience in the design of its Clery Act reporting



processes. As a result, San Antonio did not establish the reporting of complete and accurate Clery Act crime statistics as an objective, identify the risks that could prevent it from achieving that objective, or effectively manage personnel to help ensure complete and accurate Clery Act crime reporting. Second, frequent personnel changes, including key positions responsible for Clery Act crime reporting, resulted in officials not performing certain Clery Act reporting activities as required by San Antonio's campus safety and security reporting policy and inconsistent Clery Act reporting activities from one year to the next.

We recommended that San Antonio design and implement effective internal controls over the completeness and accuracy of its Clery Act crime statistics, including conducting a comprehensive review of its records for calendar years 2015–2017 to identify all reportable Clery Act crimes and amending its reported crime statistics to correct any errors in the reported statistics. We also recommended that FSA determine whether it should take action against San Antonio for the Clery Act violations identified in this report. San Antonio officials generally agreed with the finding and provided a summary of corrective actions that it planned to take in response to most of our recommendations. [San Antonio Report](#)

Investigations

Identifying and investigating fraud in the Federal student financial assistance programs has always been a top OIG priority. The results of our efforts have led to prison sentences for unscrupulous school officials and others who stole or criminally misused Federal student aid funds, significant civil fraud actions against entities participating in the Federal student aid programs, and hundreds of millions of dollars returned to the Federal government through fines, restitutions, and civil settlements.

Investigations of Schools and School Officials

The following are summaries of OIG investigations and links to press releases involving Federal student aid fraud and other fraud involving schools and school officials.



Six former Apex School of Theology Administrators Indicted for Roles in Student Aid Fraud Scheme (Georgia)

Six former administrators at the Columbus, Georgia, campus of the Apex School of Theology were indicted on charges of conspiracy, mail fraud, and student aid fraud in connection with a student aid fraud scam. Two of the six were also charged with money laundering. The administrators allegedly recruited people to participate in the scam, with offers of “free money” to act as “straw students” whereby they would apply for admission and receive Federal student aid, but the students would not have to attend the school or do any work if they split their student aid award balances with the administrators. The administrators allegedly completed and submitted phony admission and student aid applications on behalf of the straw students, submitted plagiarized work for them, took their tests, and logged into the school’s website as if they were the students in order to deceive the Department into believing they were legitimate students making satisfactory academic progress. [Press Release](#)

St. Catharine College Ordered to Pay \$5.8 Million (Kentucky)

During this reporting period, the Department issued a Final Program Review Determination involving the now-closed St. Catharine College, ordering the school to pay the Department more than \$5.8 million. The determination follows a 2016 FSA program review that identified serious Title IV violations showing a significant lack of administrative capability, rendering the school unable to effectively oversee or administer the Federal student aid funds it received, totaling more than \$5.8 million. The OIG worked with the Department and FSA, and our work contributed to the findings in both the 2016 program review and 2020 final determination.

Former Director Pled Guilty in Multimillion-Dollar Fraud Scam at Center for Employment Training (Illinois)

In a previous [Semiannual Report to Congress](#), we noted that six former employees of the Center for Employment Training in Chicago were indicted, two of whom pled guilty, for conspiring to steal millions of dollars from the Federal student aid programs. During this reporting period, the school’s former director also pled guilty to her role in the scam. From 2005 through 2013, the former director and the other conspirators applied for and obtained Federal student aid for “ghost students,” or students who were ineligible to receive the funds because they had not graduated from high school or earned a high school diploma equivalent. The director and her conspirators created and submitted to the Department fake Free Applications for Federal Student Aid (FAFSA) and other information making it appear as though the students were eligible to receive aid when they were not. As a result of their criminal efforts, the school received at least \$2.9 million in Federal student aid to which it was not entitled.

Former Bossier Parish Community College Comptroller and her Sister Sentenced in \$286,900 Fraud Scam (Louisiana)

In our last [Semiannual Report to Congress](#), we highlighted our investigation involving a student aid scam at Bossier Parish Community College orchestrated by the school’s former comptroller. During this reporting period, the former comptroller and her sister were sentenced for their roles in the scam. From 2013 through 2016, the former comptroller used her position to access school computer systems to issue

student aid to her sister and others, even though none of them were qualified to receive the aid. In most cases, they were not even attending the school during the semesters for which they received the funds. When the scam participants received the aid, they kicked back a portion of the money to the former comptroller. Action was also taken against one of the scam participants who was sentenced to 5 years of supervised probation and ordered to pay nearly \$50,000 in restitution. The former comptroller was sentenced to serve 5 years in prison and was ordered to pay more than \$286,900 in restitution for her criminal activity, while her sister was sentenced to 4 years in prison and was also ordered to pay more than \$286,900 in restitution.

[Press Release #1](#), [Press Release #2](#)

San Diego Christian College Agrees to \$225,000 Settlement (South Carolina)

San Diego Christian College, based in California, entered into a civil settlement with the U.S. Department of Justice whereby the school agreed to pay \$225,000 to settle claims that it violated the Federal ban on incentive compensation. Title IV of the Higher Education Act of 1965, as amended, prohibits any institution that receives Federal student aid from compensating student recruiters with a commission, bonus, or other incentive payment based on the recruiters' success in securing student enrollment. The settlement resolved allegations that between 2014 and 2016, the school hired Joined, Inc., to recruit students to the school. The school allegedly compensated the company in part with a share of the tuition received from the enrollment of recruited students, in violation of the prohibition on incentive compensation. The co-owner of Joined filed the lawsuit under the qui tam, or whistleblower, provisions of the False Claims Act. He filed previous whistleblower complaints for similar matters that resulted in settlements previously highlighted in a recent [Semiannual Report to Congress](#) involving his company and Oral Roberts University (agreed to pay more than \$303,000) and North Greenville University (agreed to pay \$2.5 million) to resolve allegations that it violated the Federal ban on incentive compensation. [Press Release](#)



Former University of North Texas Financial Aid Office Employee Pled Guilty to Fraud (Texas)

A former financial aid employee at the University of North Texas pled guilty to charges of fraud. From 2012 to 2017, the woman used her position in the school's financial aid office and her ability to award and reject financial aid awards and grants to fraudulently award herself and her husband, both students at the school, aid and other monetary grants. She also requested that her colleagues approve and process increases in her personal awards. As a result of her criminal efforts, the former employee and her husband received more than \$233,000 to which they were not eligible or entitled to receive.

Advance Central College Agrees to Pay \$25,000 to Settle False Claims Allegations (Puerto Rico)

Advance Central College, a school that offered an accelerated learning program for high school completion, agreed to pay \$25,000 to settle allegations that it violated the False Claims Act. From 2014 through 2017, Advance Central College was alleged to have assisted another postsecondary school, the Quality Technical & Beauty College, by providing high school completion certificates to ineligible students in order for those students to receive Federal student aid to Quality Technical & Beauty College.

Investigations of Student Aid Fraud Rings

Below are summaries and links to press releases on actions taken over the last 6 months against people who participated in Federal student aid fraud rings. Fraud rings are large, loosely affiliated groups of criminals who seek to exploit distance education programs in order to fraudulently obtain Federal student aid. These cases are just a sample of the large number of actions taken against fraud ring participants during this reporting period.

Actions Taken Against Another Member of \$3 Million Fraud Ring (California)

During this reporting period, a woman pled guilty to her role in a fraud ring that targeted more than \$3 million in Federal student aid. Another ring member previously pled guilty and was sentenced for her role in the scam. From about 2011 through 2014, the two conspired with others to steal student aid. Using the identities of more than 220 people, a number of which they purchased through a broker or were people they knew to be in prison, the ring used the information to apply for admissions to and receive student aid from eight online colleges in those individuals' names. They created and submitted fraudulent admissions and student aid forms and had the student aid award balances sent to bank accounts that they controlled. As a result of their fraudulent efforts, the ring obtained more than \$2 million in Pell grants and \$1 million in other student aid to which they were not entitled.

Second of a Three-Member Fraud Ring Pled Guilty to Targeting More Than \$1 Million in Student Aid (California)

In a recent [Semiannual Report](#), we highlighted our case involving three women who were arrested for their roles in a fraud ring that targeted more than \$1 million

in Federal student aid, one of whom had pled guilty for her role in the ring. During this reporting period, a second member of the ring pled guilty. The woman and her co-conspirators obtained the personally identifiable information of 235 people—including victims of identity theft and inmates in California State prisons—that was then used to apply for admissions to and receive student aid from Fullerton College and other schools. As a result of their actions, more than \$1 million in Federal student aid was disbursed to the straw students.

Leader of \$600,000 Fraud Ring Charged (Michigan)

A woman was charged with fraud and identity theft for her role in a fraud ring that targeted more than \$600,000 in Federal student aid. From 2015 through 2016, the woman and others are alleged to have obtained the personally identifiable information of unwitting people that they then used to apply for admissions to and receive Federal student aid for online courses at a number of colleges, including Wayne County Community College. The woman allegedly completed and submitted fraudulent FAFSAs and other forms and directed the student aid award balances to her residence or to bank accounts that she controlled. When she received the money, she allegedly shared a portion with her conspirators.

Actions Taken Against Fraud Ring Members that Targeted a Combined \$550,000 (Texas)

In 2019, five people were indicted for their roles in fraud rings that targeted \$350,000 in student aid at a number of Texas schools, including Collin College, Eastfield College, Navarro College, Tarrant County College, and Trinity Valley Community College. Two of the five also orchestrated a side ring that targeted \$200,000 in student aid. From 2014 through 2017, the five ring members submitted admissions forms and student aid applications to the schools loaded with false information, including statements that the applicants had obtained a high school diploma or its equivalent when in fact they did not. They also opened 10 bank accounts in the names of the phony students that were controlled by the ring members so that they would receive the student aid award balances. During this reporting period, one of the ring members was sentenced to serve 3 years of probation and was ordered to pay more than \$47,300 in restitution. Also during this reporting period, one of the two ring members who orchestrated a separate ring was sentenced and his co-conspirator died. From 2014 through 2017, the two submitted multiple FAFSAs containing false information to a number of schools for themselves and others, knowing that none of the people had any intention of attending classes and were not eligible to attend college or receive student aid as they did not have a high school diploma or equivalency. The two created bank accounts for 11 people associated with the scam, had the student aid award balances sent to those accounts, and used the money for their own benefit. The surviving ring member was sentenced to 3 years of probation and was ordered to pay nearly \$13,000 in restitution.

Woman Who Orchestrated \$280,000 Student Aid Fraud Ring Pled Guilty (Louisiana)

A woman pled guilty to charges related to her orchestration of a fraud ring that targeted more than \$280,000 in Federal student aid. From 2018 through 2019, the woman fraudulently submitted admissions forms, FAFSAs, Master Promissory Notes, or all 3 in the names of about 30 people to Nunez Community College for

the sole purpose of obtaining student aid. The woman created bank accounts in the individuals' names that she controlled and had the student aid award balances sent to those accounts. Some of the 30 people gave their consent to participate in the scheme, but others did not. [Press Release](#)

Investigations of Other Student Aid Fraud Cases

The following are summaries and links to press releases on the results of additional OIG investigations into abuse or misuse of Federal student aid.

Former University of North Texas Student Pled Guilty to \$106,000 Student Financial Aid Fraud (Texas)

A former University of North Texas student pled guilty to charges of student aid fraud. While attending the school, the woman submitted requests to the financial aid office to increase her loan amounts using fraudulent expenses supported by fictitious receipts. Some of those fictitious expenses included childcare for children that she did not have. As a result of her fraudulent efforts, the woman received more than \$106,000 in Federal student aid to which she was not entitled.

Former Bossier Parish Community College Student Sentenced in \$92,800 Student Aid Fraud Scheme (Louisiana)

In a recent [Semiannual Report to Congress](#), we noted that a Bossier Parish Community College student was indicted for enrolling straw students in the school. During this reporting period, she was sentenced for her crime. The former student used the personally identifiable information of four people to apply for admissions to and receive Federal student aid at Bossier Community College. She created and submitted all admissions and student aid applications forms and completed their coursework in exchange for half of the student aid award the straw students each received. The former student was sentenced to 2 years of supervised probation and was ordered to pay more than \$92,800 in restitution.

Man Charged in \$80,000 Student Aid/Identity Theft Scam (Louisiana)

A man was charged in a 13-count indictment involving student aid fraud and identity theft. From 2015 through 2018, the man allegedly used the identities of multiple individuals, including the identity of a deceased woman whose house he resided in and that of a friend, to fraudulently apply for admissions to and receive Federal student aid for online classes at four colleges. The man completed all paperwork, created bank accounts in their names that he controlled, and had the student aid award balances sent those bank accounts. As a result of his alleged efforts, the man received more than \$80,000 in Federal student aid.

Former Financial Advisor Charged with Stealing from Elderly Client, Used Portion of the Money to Pay Off Student Loan Debt (Massachusetts)

A man was arrested and charged with fraud in connection with a scheme to defraud an elderly victim and her bank by stealing the woman's retirement assets. The man was her former financial advisor with power of attorney over fiduciary responsibilities for her. The woman, however, terminated that advisor relationship and revoked the power of attorney in July 2019. About 9 months after he was notified that the victim had terminated the relationship, the man allegedly accessed and liquidated the victim's bank account, transferring more than \$250,000 of the victim's retirement

assets into his own bank account. He allegedly used a portion of the stolen funds for personal expenses, including paying off more than \$100,000 in Federal student loan debt. The man forged the victim's signature on a purported "gift letter" that he sent to the bank in an attempt to legitimize the fraudulent transfer. [Press Release](#)

Woman Sentenced for Fraud Scheme that Targeted Multiple Federal Programs, Including Federal Student Aid (New Jersey)

A woman was sentenced to serve 6 months in prison, followed by 3 years of supervised released, and was ordered to pay more than \$243,000 for theft and fraud. The woman created a fictitious identity used to apply for and receive Federal student loans and other Federal benefits. She applied for student aid using the phony name, as she had already defaulted on student loans obtained using her true identity. As a result of her criminal efforts, the woman fraudulently obtained nearly \$42,000 in Federal student aid.

Man Agrees to Settlement in Student Loan Discharge Scam (Arkansas)

A former student at Arkansas Tech University agreed to pay \$38,700 to the Department for fraudulently applying for and receiving a discharge on his student loan debt. In 2001, the man was injured in a vehicle accident that caused him to apply for and receive Social Security disability payments. While receiving those benefits, the man had his student loans discharged, as he claimed that he was unable to work. It was later discovered that the man was working and earning money.

Investigation into College Admissions Scandal

The following is a summary of the "Varsity Blues" college admissions investigation where the OIG provided assistance to the FBI and the U.S. Attorney's Office in the matter.



More Actions Taken in College Admissions Scandal

In our last [Semiannual Report to Congress](#), we highlighted assistance that the OIG is providing in the “Varsity Blues” college admissions scandal. The scandal involves parents who paid college coaches and falsified college admission records to get their children admitted into various colleges, and the college coaches who accepted the bribes and used their positions to get those children admitted to the schools. During this reporting period, the U.S. Attorney’s Office for the District of Massachusetts issued a press release highlighting the indictment of a former Harvard College fencing coach and a Maryland businessman who allegedly paid the former coach bribes totaling more than \$1.5 million in exchange for his assistance in securing the admission of the businessman’s two sons to the school. The press releases acknowledge the OIG, noting that we provided assistance with the investigation. [Press Release](#)

OTHER ACTIVITIES

Participation on Committees, Work Groups, and Task Forces

- **FBI Cyber Crime Investigations Task Force.** The OIG is a member of this task force of Federal, State, and local law enforcement agencies conducting cybercrime investigations nationwide, with agents physically located in Washington, D.C., and Boston, Massachusetts. OIG agents are currently assisting with investigations in Minnesota and Arkansas in association with this task force.

Reviews of Legislation, Regulations, Directives, and Memoranda

- **Higher Education Relief Opportunities for Students Act of 2003 (HEROES Act).** The OIG provided comments in its unique area of responsibility on the annual compliance audit section and waiver end dates.
- **Stop Student Debt Relief Scams Act.** The OIG provided technical assistance on a specific provision of the law.



Elementary, Secondary, and Special Education Programs

The Department administers more than 100 programs that involve 56 States and territorial educational agencies, nearly 18,400 public school districts, 132,000 schools, and numerous other grantees and subgrantees. Effective oversight of and accountability in how these entities spend the Department funding they receive is vital. Through our audit work, we identify problems and propose solutions to help ensure that the Department's programs and operations meet the requirements established by law and that federally funded education services reach the intended recipients—America's students. Through our criminal investigations, we help to protect public education funds for eligible students by identifying those who abuse or misuse Department funds and holding them accountable for their unlawful actions.

Audits

During this reporting period, we issued three audits specific to elementary, secondary, and special education. The first audit involved the Florida Department of Education's administration of the Temporary Emergency Impact Aid for Displaced Students Program. The second and third audits involved State and local oversight of virtual school implementation of the Individuals with Disabilities Education Act. The summaries of these reports follow.

Disaster Recovery: Florida Department of Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program

In 2018, the Bipartisan Budget Act of 2018 was signed into law, providing \$2.7 billion to assist K–12 schools, school districts, and institutions of higher education in meeting the educational needs of students affected by Hurricanes Harvey, Irma, and Maria and the California wildfires. In 2019, the Additional Supplemental Appropriations for Disaster Relief Act of 2019 was signed into law, providing \$165 million to assist educational entities in meeting the needs of students affected by the disasters that occurred in 2018 and 2019. In a previous [Semiannual Report to Congress](#), we highlighted the first of what would be a series of audits focused on disaster recovery funding through the Temporary Emergency Impact Act for Displaced Students (EIA) program—funding that local educational agencies (LEAs) and nonpublic schools can use to provide instructional opportunities for displaced students who enroll in their schools and for expenses incurred in serving displaced students. That audit involved the Texas Education Agency. During this reporting period, we issued our second audit in the series. The audit examined whether the Florida Department of Education (Florida) established and implemented systems of internal control that ensured (1) displaced student count data provided to the Department were accurate and complete, (2) EIA program funds were appropriately allocated to LEAs, and (3) LEAs used EIA program funds in accordance with applicable Federal requirements.

We determined that Florida's system of internal controls over displaced student count data did not ensure that the data provided to the Department were accurate and complete because it did not always prevent or detect inaccurate displaced student



counts that LEAs reported. Florida could have provided specific guidance earlier or training to LEAs, and the reasonableness check it performed on displaced student count data was inadequate to prevent or detect potential errors in the data.

Florida's system of internal controls over displaced student count data did not prevent or detect the types of errors that we found during our audit. Florida's internal controls neither prevented LEAs from submitting inaccurate and incomplete displaced student count data nor resulted in Florida detecting errors in the data before it applied for EIA program funds from the Department. Florida monitored eight LEAs through desk reviews. Although Florida obtained student-level data during its reviews, it did not review documentation to verify that the students were displaced. As a result, Florida did not report accurate or complete displaced student count data to the Department for school year 2017–2018, and its EIA program grant allocations to the LEAs that we reviewed were incorrect. We estimate that Florida allocated to the two LEAs we reviewed (Hillsborough and Orange) \$2.38 million in EIA program funds that Florida and its LEAs should not have received. We determined that Florida's system of internal control over LEAs' use of EIA program funds did not ensure that LEAs accounted for EIA program funds received for students reported as children with disabilities in accordance with Federal requirements. Hillsborough and Orange did not record or track EIA program funds received for displaced students reported as children with disabilities separately from EIA program funds received for displaced students reported as children without disabilities. As a result, the two LEAs had unsupported costs totaling \$5.13 million.

We made several recommendations to improve Florida's internal controls over displaced student data counts and accounting for EIA expenditures. Specifically, we recommended Florida (1) develop and implement procedures to ensure it collects accurate and complete data on displaced students and (2) modify policies

and procedures related to oversight and monitoring of the EIA program to ensure verification of displaced student counts. We also recommended the return of over \$2.38 million in EIA program funds received based on unsupported displaced student count data and \$110,500 in EIA program funds received based on unallowed prekindergarten displaced students. Finally, we recommended Florida provide support showing that Hillsborough and Orange properly accounted for EIA program funds for students reported as students with disabilities or return \$5.13 million to the Department. Florida did not agree with all of our findings or recommendations.

[Florida Audit](#)

Virtual Charter Schools and the Development and Implementation of Individualized Education Programs

We completed two audits that sought to determine whether the selected State educational agencies (SEA) and LEAs had sufficient internal controls to ensure that individualized education programs were developed in accordance with Federal and State requirements for children with disabilities who attend virtual charter schools and that these students were provided with the services described in their individualized education programs (IEP). Federal funds are provided to SEAs under Part B of the Individuals with Disabilities Education Act (IDEA), and the SEAs must exercise general supervision over all educational programs for children with disabilities administered within the State to ensure that the education standards of the SEA and the IDEA requirements are met. Accordingly, the SEA is responsible for ensuring that all LEAs receiving these funds, including virtual charter schools operating as LEAs, implement the IDEA requirements. The LEAs must ensure that each eligible child with a disability has an IEP that describes special education and any related services the child will receive to meet his or her educational goals. Although the audits were not conducted in response to the COVID-19 pandemic and were focused on services provided to students attending virtual charter schools during an audit period that preceded the pandemic, they nonetheless addressed issues and requirements intended to ensure that special education and related services are provided in accordance with IDEA to students with disabilities in a virtual learning environment. The results of our two audits follow.

Ohio Department of Education and Selected Virtual Charter Schools

Our audit examined policies and practices at the Ohio Department of Education (Ohio) and two virtual charter schools—Tri-Rivers Educational Computer Association Digital Academy (TRECA) and Ohio Virtual Academy (Ohio Virtual). We found that Ohio generally had sufficient internal controls to ensure that LEAs developed IEPs in accordance with Federal and State requirements for children with disabilities who attend virtual charter schools and that these students were provided with the services described in their IEPs. These internal controls included developing model policies and procedures; monitoring LEAs; and providing technical assistance, guidance, and training. However, we found that Ohio could strengthen its monitoring process to ensure that LEAs also have written procedures on how they implemented the model policies for IEP development and how they provided and documented

service delivery for students with disabilities, and by requiring sponsors¹ to timely report significant compliance issues found during their LEA monitoring reviews.

Regarding the two virtual charter schools that we reviewed, we found that Ohio Virtual generally had sufficient internal controls to ensure that it developed IEPs in accordance with Federal and State requirements for children with disabilities and provided students with the services described in their IEPs. However, Ohio Virtual should ensure that its processes for documenting related services are followed. Although the school had policies and procedures in place for the delivery of services and for maintaining documentation of the related services, we found that Ohio Virtual did not maintain sufficient documentation to support that all related services, as outlined in each IEP, were delivered as required to all of the students included in our review. We found that TRECA generally had sufficient internal controls; however, TRECA did not ensure it maintained IEPs that included all of the required information describing the services that students needed for all of the students included in our review. Further, TRECA did not have sufficient internal controls to ensure that it provided students with the services described in their IEPs, and it did not have written procedures for its service provider invoice review process. It did, however, have sufficient documentation to support that related services were delivered to the students we reviewed.

To address the issues identified, we recommend that Ohio develop a method to ensure that LEAs have written procedures that describe their processes for ensuring that they follow IDEA requirements for developing IEPs and delivering services and ensure sponsors timely report any significant compliance issues identified during their monitoring of schools. We also recommended that Ohio ensure that (1) Ohio Virtual provides training to staff and ensure that its record retention policy and documentation processes for related services are followed and performed consistently, and that (2) TRECA develops internal controls that will ensure it maintains IEPs including all required elements and develops written policies and procedures that detail how it documents the delivery of services for students with disabilities, reviews service provider invoices, and completes progress reports. Ohio generally agreed with one of our findings and stated that it could not admit or deny statements regarding two of our findings without further documentation. [Ohio Report](#)

Pennsylvania Department of Education and Selected Virtual Charter Schools

Our audit examined policies and practices at the Pennsylvania Department of Education (Pennsylvania) and two virtual charter schools—Pennsylvania Virtual Charter School and Commonwealth Charter Academy (Commonwealth). Our audit determined that Pennsylvania generally had sufficient internal controls to ensure that LEAs developed IEPs in accordance with Federal and State requirements for children with disabilities who attend virtual charter schools and that these students were provided with the services described in their IEPs. These internal controls included developing model policies and procedures; monitoring LEAs;

¹ A virtual charter school in the State may only operate under the oversight of a sponsor, who is responsible for providing oversight and technical assistance and ensuring their schools' compliance with Federal and State laws and regulations, including the requirements of IDEA.

and providing technical assistance, guidance, and training. However, we found that Pennsylvania could strengthen its monitoring process to ensure that LEAs also have written procedures on how they implemented the model policies for IEP development and how they provided and documented service delivery for students with disabilities.

Regarding the two virtual charter schools, we found that Pennsylvania Virtual Charter School had sufficient internal controls to ensure that it developed IEPs in accordance with Federal and State requirements for children with disabilities and provided students with the services described in their IEPs. These internal controls helped ensure consistency in implementation among staff and compliance with Federal and State requirements. We found that Commonwealth Charter Academy, however, did not have sufficient internal controls. Specifically, Commonwealth did not have sufficient written procedures for IEP development and for documenting the delivery of services for students with disabilities. A recent management structure change required Commonwealth to replace systems and processes that were previously provided by an education management organization. This change contributed to Commonwealth's lack of formal written procedures on IEP development and the delivery of services for students with disabilities. As a result, Commonwealth could not ensure consistency in implementation among staff and compliance with Federal and State requirements.

Based on our findings, we recommend that Pennsylvania develop a method to ensure that LEAs have written procedures that describe their processes to ensure that they follow IDEA requirements for developing IEPs and delivering services. We did not have any recommendations for Pennsylvania Virtual Charter School but recommended that Commonwealth Charter Academy take a



number of actions, including that it develop written procedures that detail how it develops IEPs and documents the delivery of services described in the IEP for students with disabilities. Pennsylvania officials did not dispute our findings and described corrective actions they plan to take to address our recommendations.

[Pennsylvania Report](#)

Investigations

OIG investigations in the elementary, secondary, special, and vocational education areas include criminal investigations involving bribery, embezzlement, and other unlawful activity, often involving State and local education officials, educational services providers, and contractors who abused their positions of trust for personal gain. Examples of some of these investigations and links to press releases follow.

Investigations of School Officials, Vocational Agency Officials, Contractors, and Educational Services Providers

The following are summaries of OIG investigations involving K–12 school officials and contractors.

More Actions Taken in \$24 Million Tutoring Scam (Puerto Rico)

In a previous [Semiannual Report to Congress](#), we highlighted our investigation that led a Federal grand jury to return a seven-count indictment charging Creative Educational and Psychological Services, a tutoring services company. Its president and three other employees were indicted on charges of fraud, conspiracy, and theft. During this reporting period, one of those employees was sentenced and three others pled guilty for their roles in the scam. From 2011 through 2014, the company's president and employees engaged in a conspiracy scheme to defraud the Puerto Rico Department of Education for tutoring services that were not provided or were not payable under its contract with the company. The company and its employees were alleged to have charged the Puerto Rico Department of Education for Supplemental Educational Services-funded tutoring services never provided and created false attendance and other records and documents to support their fraudulent efforts. Throughout the conspiracy, the company caused the Puerto Rico Department of Education to issue about 32 checks, totaling more than \$24 million, to the company. The employee was sentenced to serve 1 year of probation and was ordered to pay restitution totaling \$900.

Two Former School Superintendents Among Six People Charged in Multimillion-Dollar Virtual Schools Fraud Scheme (Alabama)

During this reporting period, six people appeared in court after being indicted on charges related to the fraudulent enrollment of students in Alabama virtual public schools: the former superintendent of the Athens City Schools district, the former superintendent of the Limestone County School district; the current executive director of planning for the Athens City Schools district; a former employee of the Athens City Schools district; and two other conspirators. The former Athens City Schools superintendent and two others were also charged with aggravated identity theft. The six are alleged to have fraudulently enrolled



students in virtual public schools and then falsely reported those students to the Alabama State Department of Education. They allegedly obtained student identities to use in their scheme from various private schools located across the State by offering the private schools various inducements—including computers, direct payments, and access to online curriculum—to persuade the private schools to share their students’ academic records and personally identifiable information with the public school districts. The conspirators are alleged to have created fake report cards, manufactured false addresses for the students of the private schools who lived outside of Alabama, and submitted falsified course completion reports to the Alabama State Department of Education, which then paid the school districts millions of dollars for the cost of supposedly educating these private school students, who at no time attended the virtual public schools. They allegedly skimmed a portion of that State money for their personal use.

[Press Release](#)

*Conspirators Sentenced in Department of Sports and Recreation
\$9.8 Million Kickback, Fraud, and Money Laundering Scheme
(Puerto Rico)*

The former secretary of the Puerto Rico Department of Sports and Recreation and four vendors were sentenced for their roles in a kickback, fraud, and money laundering conspiracy involving more than \$9.8 million in fraudulently awarded contracts. The former secretary used his position to enter into contracts with Puerto Rico Department of Education and Puerto Rico Public Housing Department vendors in exchange for kickbacks. The former secretary awarded federally funded contracts without a competitive bidding evaluation process and awarded contracts for services at inflated prices. Federal funds fraudulently obtained through this scheme were used to operate and promote boxing events, television shows, travel, political campaigns, and business ventures. The former secretary also entered into a lease agreement with one of his co-conspirators for a facility at inflated price and used the overpayments for kickbacks. The former secretary was sentenced to serve 18 months in prison, 12 months of which were in home detention, and

2 years of supervised release. Others received sentences of probation, and two were ordered to pay restitution ranging from \$50,000 to \$2.2 million.

Imprisoned Owners of Brilliance Academy Agree to \$4 Million Settlement (Illinois)

In a previous [Semiannual Report to Congress](#), we highlighted our investigation that led to prison sentences and \$11.3 million restitution orders for the owners of Brilliance Academy and its wholly owned subsidiary Babbage Net School, tutoring companies that received Supplemental Educational Services funds. The father and son owners of the companies orchestrated an \$11 million fraud scheme that bilked more than 100 school districts around the country. They misrepresented the services that the companies provided, gave substandard educational materials to students, falsely inflated invoices for tutoring services, and distributed false student programs and improvement reports to the schools that paid the companies. In addition, the two paid bribes to school officials and others in exchange for their participation in the scam. During this reporting period, the father-son duo agreed to pay the Department \$4 million for misappropriating the Federal funds that were meant to provide tutoring services to underprivileged students.

Innovation Education Programs Agrees to \$1.18 Million Settlement (New York)

Innovative Educational Programs, LLC, a company that provided after-school tutoring services to underprivileged students attending underperforming schools in New York City, agreed to pay more than \$1.18 million to settle claims that it violated the False Claims Act. The company was alleged to have improperly billed and obtained Federal funds for after-school tutoring services that it never provided to students. [Press Release](#)

More Action Taken in Rocket Learning Scam (Puerto Rico)

In a previous [Semiannual Report to Congress](#), we noted that criminal actions taken against 51 people for their roles in a Supplemental Educational Services fraud scheme involving the tutoring company Rocket Learning. Rocket Learning and the scam participants billed the Puerto Rico Department of Education more than \$954,000 for tutoring services that were never provided. During this reporting period, four of the company's former regional directors and two program managers entered into pretrial diversions—an alternative to prosecution which seeks to divert certain offenders from traditional criminal justice processing into a program of supervision and services administered by the U.S. Probation Service. In their agreements, the four former regional directors each agreed to pay \$6,000 in restitution and the two former managers agreed to pay \$1,000 in restitution.

“The father and son owners of the companies orchestrated an \$11 million fraud scheme that bilked more than 100 school districts around the country. They misrepresented the services that the companies provided, gave substandard educational materials to students, and falsely inflated invoices for tutoring services.

Former District of Columbia Vocational Rehabilitation Counselor Sentenced for Role in \$882,000 Fraud (Washington, D.C.)

In a recent [Semiannual Report to Congress](#), we noted that the president of a Florida nursing school was sentenced to prison, and a vocational rehabilitation counselor with the District of Columbia Department of Disability Services had pled guilty for their roles in a fraud scheme. During this reporting period, the counselor was sentenced to more than 12 months in prison and was ordered to pay more than \$882,00 in restitution. From 2012 through 2016, the counselor conspired with others to defraud the D.C. government by having benefits awarded to people who were not eligible to receive them. In her position, the counselor was responsible for determining whether an individual was eligible to receive the benefits. Despite D.C. government policy regarding conflicts of interest, she served as the counselor for more than 20 people whom she described as being related to her. She knew these people were not eligible to receive disability benefits but ensured that she was assigned as their counselor so she could process and approve their applications. As a result, the D.C. government awarded vocational rehabilitation benefits totaling more than \$834,500 to the counselor's family members and friends. When one of the counselor's family members wanted to attend the Florida nursing school, the counselor worked with the nursing school president to get his school added as an approved vendor with the D.C. government. During that process, the president told the counselor that his school was struggling financially and asked her to use her position to help pay tuition for students at his school. The counselor did so, getting \$47,895 in benefits awarded to five students at his school. Further, the president awarded the counselor's relative a full school scholarship. The former president was sentenced to serve 1 month in prison and was ordered to pay more than \$47,000 in restitution and fines. [Press Release](#)

Former Broward County Public School Chief Information Officer Indicted in \$500,000 Fraud and Kickback Scheme (Florida)

The former chief information officer of Broward County Public Schools was indicted by a Statewide grand jury on charges related to his role in a contract fraud and kickback scheme. From 2015 through 2019, the former chief information officer allegedly used his position to circumvent the school district's bidding process for school equipment and steered more than \$17 million worth of sales to a friend's company in exchange for bribes, including a lake house, cars, and jobs for his children. [Press Release](#)

Owners-Operators of Teacher Certification Training Company indicted on Racketeering Charges (Florida)

The owners-operators of NavaEd, a tutoring and training company that specialized in preparing prospective Florida educators to take and pass the Florida Teacher Certification Exams and Florida Educational Leadership Examinations, were indicted for running a scheme to steal and sell the State certification exams. The two are alleged to have orchestrated a far-reaching conspiracy scheme to steal, defraud, and profiteer by cheating the State's educator testing, certification, and licensing process. The two, along with other employees of their company, repeatedly took State-required exams in order to memorize the questions so they could then profit by selling them to prospective educators. The owner-operators

were indicted on charges of racketeering, 108 counts of wire fraud, conspiracy to commit theft of trade secrets, and theft of trade secrets. [Press Release](#)

More Actions Taken in \$270,600 Embezzlement Scam at Lessie Bates Davis Neighborhood House (Illinois)

In a recent [Semiannual Report to Congress](#), we highlighted our investigation involving an embezzlement scheme at the Lessie Bates Neighborhood House, a nonprofit organization that provided various community services, including tutoring services. We noted that the former executive director, who oversaw the organization's fiscal affairs, used his position and the help of others, to embezzle more than \$270,600 from the organization. He pled guilty and was sentenced to 18 months in prison. During this reporting period, one of his conspirators pled guilty and was sentenced for his role in the scam. The former executive directed funds from the Lessie Bates Neighborhood House to a company controlled by the conspirator, for which no products or services were provided. Instead, the conspirator received a kickback of a portion of the funds provided.

Former Cahokia Unit School District 187 Manager Agrees to Pretrial Diversion (Illinois)

A former grant manager for the Cahokia Unit School District agreed to enter into a pretrial diversion. The former manager had been previously charged with lying to Federal agents regarding her receipt of Apple products and Apple watches from the former executive director of the Lessie Bates Neighborhood House that she falsely claimed were a gift for people working at the school.

21st Century Community Learning Center Grantee Agreed to \$140,000 Settlement (New York)

The Rochester Area Community Foundation Initiatives, Inc., and its program Quad A for Kids, a nonprofit organization that provides after-school services to area elementary school students, agreed to pay \$140,000 to settle allegations that it submitted false claims for payment to the Department. The foundation's former executive director was alleged to have submitted false and fraudulent invoices and receipts to the Department for costs that were never incurred by the program.



Former Hempstead School District Official Sentenced for Credit Card Fraud (New York)

The former provisional supervisor of facilities for the Hempstead School District was sentenced to 3 years of probation and was ordered to pay nearly \$47,000 in restitution for misusing a school credit card. The former supervisor allowed a local contractor to use a school district credit card for his own personal expenses in exchange for kickbacks of cash and materials.

Investigations of Charter Schools and Charter School Officials

The following are summaries and links to press releases on OIG criminal investigations involving charter schools and charter school officials. These now-former school leaders were in control of or in positions overseeing Federal education programs.

Concept School Management Company Agrees to \$4.5 Million Settlement (Illinois)

Concept Schools Management Company agreed to pay \$4.5 million to settle allegations that the company violated the False Claims Act when it engaged in a non-competitive bidding process in connection with the Federal Communications Commission E-rate Program. The company was alleged to have rigged the bidding process for E-rate contracts between 2009 and 2012, resulting in Concept Schools selecting technology vendors so that its network of charter schools, located in several States, were forced to select the chosen vendors without a fair and open bidding process. The company was also alleged to have chosen vendors providing equipment at higher prices than approved by the Federal Communications Commission and failed to maintain sufficient control over equipment reimbursed by the Federal Communications Commission, some of which was discovered missing. [Press Release](#)

Former Head of the Community Preparatory Academy Pled Guilty to Stealing More than \$3 Million (California)

The former head of the Community Preparatory Academy charter school pled guilty to stealing more than \$3 million from the schools over 5 years. This amounted to about one-third of all Federal and State funding that the schools received during that time. The former official admitted to using the funds for personal travel, restaurants, Amazon and Etsy purchases, and private school tuition for her children. She also admitted spending more than \$220,600 on Disney cruise line vacations, theme park admissions, and other Disney-related expenses. The scheme came to light during a routine audit by the Los Angeles Unified School District's Charter School Division, which identified the discrepancies and reported them to the Los Angeles Unified School District's Office of Inspector General and our office.

Former Chief Executive Officer of the Now-Closed Bradley Academy of Excellence Sentenced to Prison for Role in \$2.5 Million Fraud Scheme (Arizona)

In our last [Semiannual Report to Congress](#), we noted that the former principal and vice principal of the now-defunct Bradley Academy of Excellence were sentenced

for their roles in a \$2.5 million conspiracy. During this reporting period, the former chief executive officer of the school was sentenced to serve 4 years in prison and was ordered to pay \$2.5 million in restitution. From 2016 through 2018, the former school officials fraudulently overreported the number of students enrolled in the school in order to receive additional funding that they were otherwise not entitled to receive. For school year 2016–2017, the school reported 652 enrolled students; however, 191 of them were fraudulent. For school year 2017–2018, the school reported 528 enrolled students, 453 of whom were fraudulent. As a result of the false reporting, the school received about \$2.5 million from the State and the Federal government.

Former Richard Allen Academy Treasurer Pled Guilty (Ohio)

The former treasurer of the Richard Allen Academy pled guilty to charges of obstructing official business. The plea is a result of an OIG investigation that followed an Ohio State Auditor’s report identifying waste and misspending at the Richard Allen Charter Schools totaling more than \$860,000 and allegations of ethics violations and conflicts of interest. The Ohio State Auditor’s report found that school officials chose to ignore their legal obligations and instead improperly spent hundreds of thousands of dollars intended for the education of children.

Former Head of Paramount Charter School Indicted in \$550,000 Embezzlement and Fraud Scheme (Florida)

The owner-operator and president of the Paramount Charter School, the Advancement of Education in Scholars Corporation (parent company of the charter school) and the Florida Scholars Educational Services Corporation, was indicted on charges of theft and fraud. The indictment alleges that the owner-operator embezzled nearly \$550,000 from the companies that should have gone to operating the Paramount Charter School. The owner-operator is alleged to have used the funds for her own benefit, including cars, payments for private schools, her rent, and other personal expenses.

Former Employee/Contractor at Houston Gateway Academy Sentenced for Role in Kickback Scheme (Texas)

In a recent [Semiannual Report to Congress](#), we highlighted our case involving the former superintendent of Houston Gateway Academy (a charter school in Texas) and a full-time school employee who at the time was also the owner of an information technology company called Hot Rod Systems, for their involvement in a kickback scheme. Both men pled guilty to charges to theft and conspiracy. During this reporting period, the former employee/contractor was sentenced for his role in the scam. The former superintendent awarded a contract to Hot Rod Systems totaling more than \$280,800 for the installation and configuration of information technology network equipment at a new school campus, when the two knew that construction on the campus had not yet begun. Within days of the payment, the contractor wired more than \$164,300 to the superintendent’s personal bank account that he then used for his personal benefit. The former employee/contractor was sentenced to serve 5 years of probation and was ordered to pay nearly \$157,000 in restitution.

Disaster Recovery Investigative Efforts

During this reporting period, the OIG continued to promote its fraud awareness materials specific to disaster recovery. This included special posters aimed at helping school officials and others identify and report potential fraud involving Disaster Recovery funds, and our Eye on ED podcast episodes specific to disaster recovery, including an episode on identifying and reporting disaster recovery fraud in Spanish. The free posters and Eye on ED Podcasts are available via our [website](#). In addition, OIG criminal investigators continued to work with the National Center for Disaster Fraud Working Group, a partnership between the U.S. Department of Justice and various law enforcement and regulatory agencies to improve and further the detection, prevention, investigation, and prosecution of fraud related to natural and man-made disasters.

OTHER ACTIVITIES

Participation on Committees, Work Groups, and Task Forces

Federal and State Audit-Related Groups

- **Association of Government Accountants Partnership for Management and Accountability.** The OIG participates in this partnership that works to open lines of communication between Federal, State, and local governmental organizations to improve performance and accountability.
- **Intergovernmental Audit Forums.** OIG staff serve on several intergovernmental audit forums, which bring together Federal, State, and local government audit executives who work to improve audit education and training and exchange information and ideas regarding the full range of professional activities undertaken by government audit officials.



Department Management and Operations

Effective and efficient business operations are critical to ensure that the Department effectively manages and safeguards its programs and protects its assets. Our reviews in this area seek to help the Department accomplish its objectives by ensuring its compliance with applicable laws, policies, and regulations and the effective, efficient, and fair use of taxpayer dollars with which it has been entrusted.

Audits and Reviews

OIG work completed over the last 6 months in this area includes our assessment of the Department's reconstitution plans following COVID-19; statutory audits involving information technology security and financial management; and reviews of the Department's compliance with other Federal regulations, statutes, and policies. Summaries of this work follow.

Assessment of the Department's Reconstitution Plans Following COVID-19

On June 15, 2020, the U.S. House of Representatives Committee on Oversight and Reform Subcommittee on Government Operations requested that the OIG examine the Department's plans and procedures for returning employees to Federal offices in the wake of the coronavirus pandemic and assess whether the Department and its managers are employing best practices and existing guidance when deciding whether or when to require Federal employees and contractors to return to Federal office buildings. To fulfill this request, we reviewed the Department's reconstitution plans and procedures in response to the coronavirus pandemic and described how the Department developed these plans. This also included noting whether the Department's plans appeared to be in alignment with existing guidance and noting any apparent weaknesses in the plan regarding the guidance.

We found that the Department generally incorporated available guidance, which was intended to provide for a safe and gradual return to Federal offices, in its Workplace Reconstitution Transition Plan (Reconstitution Plan). The Department developed a Reconstitution Plan based on White House guidelines and Office of Management and Budget and Office of Personnel Management guidance. The Department's Reconstitution Plan, along with a Reconstitution Plan Frequently Asked Questions document, incorporated practices from the Centers for Disease Control and Prevention and the Department of Labor Occupational Safety and Health Administration. However, we noted that the Department's Reconstitution Plan did not address antiretaliation as recommended in Occupational Safety and Health Administration guidance. In addition, we found that the Department did not periodically reassess and update self-screening questions as necessary in its Reconstitution Plan as suggested by the Office of Management and Budget.

Based on our findings, we made two recommendations: that the Department update its Reconstitution Plan to address antiretaliation, including practices for ensuring that no adverse or retaliatory action is taken against an employee who adheres to guidelines or raises workplace safety and health concerns, and that it reassess self-screening questions and update the information in the Reconstitution Plan as necessary, or include a link in the self-assessment section of the Reconstitution Plan to the relevant Centers for Disease Control and Prevention guidance for employees to access and reference. The Department stated that it would draft and implement the appropriate action plans to address the recommendations, including continuing to monitor Centers for Disease Control and Prevention guidance and updating the Department's Reconstitution Plan accordingly. [Reconstitution Assessment Report](#)

Information Technology Security

The E-Government Act of 2002 recognized the importance of information security to the economic and national security interests of the United States. Title III of the E-Government Act, the Federal Information Security Management Act of 2002, as amended by FISMA, requires each Federal agency to develop, document, and implement an agency-wide program to provide security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source. It also requires inspectors general to perform independent evaluations of the effectiveness of their agency's information security programs.

Our FY 2020 FISMA review reporting metrics were grouped into five cybersecurity framework security functions that have a total of eight metric domains, as outlined in the National Institute of Standards and Technology's Framework for Improving Critical Infrastructure Cybersecurity. The five functions and their associated metric domains were Identify (Risk Management); Protect (Configuration Management, Identity and Access Management, Data Protection and Privacy, and Security Training); Detect (Information Security Continuous Monitoring); Respond (Incident Response); and Recover (Contingency Planning). Using this framework, we assessed the effectiveness of each security function using maturity level scoring prepared in coordination with the Council of Inspectors General on Integrity and Efficiency, the Office of Management and Budget, and the Department of Homeland Security. The scoring distribution is based on five maturity levels: (1) Ad-hoc, (2) Defined, (3) Consistently Implemented, (4) Managed and Measurable, and (5) Optimized. Level 1, Ad-hoc, is the lowest maturity level and Level 5, Optimized, is the highest maturity level. For a security function to be considered effective, an agency's security programs must score at or above Level 4, Managed and Measurable.

FY 2020 FISMA Results

For FY 2020, we found that although the Department had several notable improvements in implementing its cybersecurity initiatives, its overall information technology security programs and practices were not effective in all the five security functions. We had findings in all eight metric domains, which included findings with the same or similar conditions identified in prior FISMA reports.

At the metric domain level, we determined that the Department's programs were consistent with Level 2, Defined, which is considered not effective for five



domains: Risk Management, Identity and Access Management, Data Protection and Privacy, Security Training, and Information Security Continuous Monitoring. We also determined that three domains were consistent with Level 3, Consistently Implemented: Configuration Management, Incident Response, and Contingency Planning.

Although the Department made considerable progress in strengthening its information security programs over previous years, we found areas needing improvement in all eight metric domains. Specifically, we found that the Department can strengthen its controls in areas such as Risk Management, Configuration Management, Identify and Access Management, and Incident Response. Until the Department improves in these areas, it cannot ensure that its overall information security program adequately protects its systems and resources from compromise and loss. In addition, we reported on the status of the Department's Cybersecurity Policy Framework implementation and a system authorization issue that we discovered during our FISMA audit. We found that the Department has made improvements to its system authorization process and its policy creation; however, more work is needed to ensure stakeholders are provided with clear instructions on protecting the Department information systems and data.

Based on our findings, we made 24 recommendations (8 of which were repeat recommendations) in all 8 metric domains to assist the Department with increasing the effectiveness of its information security programs. The implementation of corrective action plans to address our recommendations will help the Department fully comply with all applicable requirements of FISMA, the Office of Management and Budget, the Department of Homeland Security, and the National Institute of Standards and Technology. The Department did not concur with all of our recommendations. [FY 2020 FISMA Audit](#)

Financial Management

One of the purposes of the Chief Financial Officers Act of 1990 is to improve agency systems of accounting, financial management, and internal controls to ensure the reporting of reliable financial information and to deter fraud, waste, and abuse of government resources. The Act requires an annual audit of agency financial statements, which is intended to help improve an agency's financial management and controls over financial reporting. A summary of our FY 2020 financial statements audits follows.

FY 2020 Financial Statements Audits

The OIG's contracted auditors found that the FY 2020 financial statements for the Department and FSA were presented fairly in all material respects, in accordance with generally accepted accounting principles. However, the auditors identified one material weakness and three significant deficiencies in internal controls over financial reporting. They also found one instance of reportable noncompliance with Federal law related to referring delinquent student loan debts to the U.S. Department of the Treasury.

First, the auditors found a material weakness in the Department's controls over the reliability of underlying data used in credit reform re-estimates of the subsidy costs of its student loan programs. The Department's and FSA's risk assessment process did not identify completeness and accuracy of the underlying data resulting from information technology system deficiencies as a risk that required additional compensating controls. This weakness could lead to a material misstatement of the financial statements.



Second, the auditors noted three significant deficiencies, involving (1) information technology controls, (2) its monitoring controls of an information technology servicer responsible for internal controls at a data center, and (3) an entity-wide deficiency in its overall control environment. The first two deficiencies are similar to findings in last year's audits. Specific to information technology controls, the auditors found that although management made progress implementing corrective actions to remediate previous information technology control weaknesses, it had not fully remediated prior-year deficiencies related to logical access administration, user access removal, user access reviews and recertification, and configuration management. Regarding monitoring of an information technology servicer, the auditors found that neither the Department nor FSA had effective monitoring controls in place to ensure that a servicer's internal processes sufficiently covered key controls to support the reliability and integrity of the data stored in an information technology system specifically related to mainframe operating system and security software, financial system production databases and mainframe interface controls. Finally, weaknesses in the overall control environment contributed to the first two deficiencies: insufficient risk assessments and monitoring activities. Weak risk assessments prevented the proper identification and analysis of risks facing the Department and FSA and from their designing appropriate risk responses, and insufficient monitoring activities prevented the Department and FSA from ensuring corrective action plans are implemented and control deficiencies are remedied timely.

Also similar to last year's financial statements audits, the auditors found an instance of noncompliance involving a provision of the Debt Collection Improvement Act of 1996, as amended by the Digital Accountability and Transparency Act of 2014, which requires Federal agencies to notify the Secretary of the Treasury of debts that are more than 120 days delinquent—60 days earlier than the previous 180 days requirement. The auditors found that due to FSA's business process, the number of entities and systems involved in handling student loan debts, and the decentralized nature of such processes, FSA was not yet capable of meeting this accelerated timeline. Accordingly, as of September 30, 2020, the Department and FSA were not in compliance with the requirement to refer student debt delinquent for 120 days to the Department of the Treasury. The auditors made recommendations to address the weaknesses identified. [Department Report](#), [FSA Report](#)

Compliance with Office of National Drug Control Policy Requirements

The Office of National Drug Control Policy Circular, "Drug Control Program Agency Compliance Reviews" (October 2019) requires agencies to submit an accounting of funds expended for National Drug Control Program activities during the previous fiscal year, as well as the results of performance measures that show the outcomes associated with those expenditures. The circular also requires the OIGs to express a conclusion about the reliability of the assertions made by Department management in its detailed accounting submissions and performance summary reports. Below are our findings for FY 2020.

Department's Performance Summary Report for Fiscal Year 2020

Based on our review of the Department's FY 2020 Performance Summary Report, nothing came to our attention that caused us to believe that management's

assertions contained in the Department's report were not fairly stated in all material aspects. [Report](#)

Department's Detailed Accounting of Drug Control Funds for Fiscal Year 2020

Based on our review of the Department's Detailed Accounting of FY 2020 Drug Control Funds, nothing came to our attention that caused us to believe that management's assertions contained in the Department's report were not fairly stated in all material aspects. [Report](#)

Department's Budget Formulation Compliance Report for Calendar Year 2020

Based on our review of the Department's Calendar Year 2020 Budget Formulation Compliance Report, nothing came to our attention that caused us to believe that management's assertions contained in the Department's report were not fairly stated in all material aspects. [Report](#)



OTHER ACTIVITIES

Participation on Committees, Work Groups, and Task Forces

Department

- **Department of Education Senior Assessment Team.** The OIG participates in an advisory capacity on this team that provides oversight of the Department's assessment of internal controls and related reports. The team also provides input to the Department's Senior Management Council concerning the overall assessment of the Department's internal control structure, as required by the Federal Managers' Financial Integrity Act of 1982 and Office of Management and Budget Circular A-123, "Management's Responsibility for Internal Control."
- **Department of Education Investment Review Board and Planning and Investment Review Working Group.** The OIG participates in an advisory capacity in these groups that review technology investments and the strategic direction of the information technology portfolio.
- **Department Human Capital Policy Working Group.** The OIG participates in this group that meets monthly to discuss issues, proposals, and plans related to human capital management.

Review of Legislation, Regulations, Directives, and Memoranda

- **Draft Records Management Directive.** The OIG provided technical edits and suggestions.



Other OIG Efforts

This section of our Semiannual Report contains information on other efforts completed during this reporting period specific to the OIG. This includes our required non-Federal audit-related work, other reports, and noteworthy activities.

Non-Federal Audit Activities

The Inspector General Act of 1978, as amended, requires that inspectors general take appropriate steps to ensure that any work performed by non-Federal auditors complies with Government Auditing Standards. To fulfill these requirements, we perform a number of activities, including conducting desk reviews and quality control reviews of non-Federal audits, providing technical assistance, and issuing audit guides to help independent public accountants or audit organizations performing audits of participants in the Department's programs.

Desk Reviews and Quality Control Reviews

The Office of Management and Budget's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" requires entities, such as State and local governments, universities, and nonprofit organizations that spend \$750,000 or more in Federal funds in one year to obtain an audit, referred to as a "single audit." Additionally, for-profit institutions and their servicers that participate in the Federal student aid programs and for-profit lenders and their servicers that participate in specific Federal student aid programs are required to undergo annual audits performed by independent public accountants or audit organizations in accordance with audit guides that the OIG issues. These audits assure the Federal government that recipients of Federal funds comply with laws, regulations, and other requirements that are material to Federal awards. To help assess the quality of the thousands of audits performed each year, we conduct quality control reviews of a sample of audits. During this reporting period, we also established a process for and began performing desk reviews of a sample of audit reporting packages. The objectives of a desk review include identifying quality issues that may warrant follow-up work, revisions to the reporting package, or appropriate management official attention.

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) issued the following guidance regarding the classification of desk reviews and quality control review results.

- Pass—reporting package or audit documentation contains no quality deficiencies or only minor quality deficiencies that do not require corrective action for the audit under review or future audits.
- Pass with Deficiencies—reporting package or audit documentation contains quality deficiencies that should be brought to the attention of the auditor (and auditee, as appropriate) for correction in future audits.
- Fail—reporting package or audit documentation contains quality deficiencies that affect the reliability of the audit results or audit documentation does not support the opinions contained in the audit report and require correction for the audit under review.

During this reporting period, we completed 30 desk reviews of engagements conducted by 28 independent public accountants or audit organizations. We concluded that 16 (54 percent) were Pass, 10 (33 percent) were Pass with Deficiencies, and 4 (13 percent) were Fail.

We also completed 21 quality control reviews of engagements conducted by 13 independent public accountants or audit organizations. We concluded that 1 (5 percent) was Pass, 12 (57 percent) were Pass with Deficiencies, and 8 (38 percent) were Fail. We were not able to complete two quality control reviews of engagements conducted by an audit organization because the audit organization did not make its audit documentation available for our review within the time frame given, even after multiple extensions were granted to the auditor. Since we could not confirm that the opinions in the audit reports were supported, we recommended that FSA reject the audit reports. FSA rejected both of those audit reports.

Furthermore, we referred three independent public accountants to their State Boards of Accountancy and to the American Institute of Certified Public Accountants for possible disciplinary action. We made these referrals due to the independent public accountants' unacceptable audit work. During this reporting period, we received information from a State Board of Accountancy and the American Institute of Certified Public Accountants regarding disciplinary actions taken against three independent public accountants as a result of four previous referrals. All three independent public accountants were publicly reprimanded. Additionally, one independent public accountant was prohibited from performing audits and ordered to pay penalties and administrative costs. Another independent public accountant was prescribed remedial actions and ordered to refrain from performing peer reviews, serving on certain committees, or teaching continuing professional education until the actions were completed.

Technical Assistance

The OIG's Non-Federal Audit Team is also dedicated to improving the quality of non-Federal audits through technical assistance and outreach to independent public accountants or audit organizations and others, including auditee officials and Department program officials. Technical assistance involves providing advice about standards, audit guides and guidance, and other criteria and systems pertaining to non-Federal audits.

The OIG has developed a reporting system to better track audit deficiencies identified through quality control reviews and desk reviews. This type of tracking will allow us to focus our resources on training and outreach activities to address common audit quality issues. We have collected information about the results of quality control reviews of FY 2017 through 2020 audits. We used those results to update our list of frequently asked questions and to compile a list of common quality control review and desk review deficiencies, which are discussed during training sessions. We will also use these results as a baseline to compare future quality control review and desk review results.

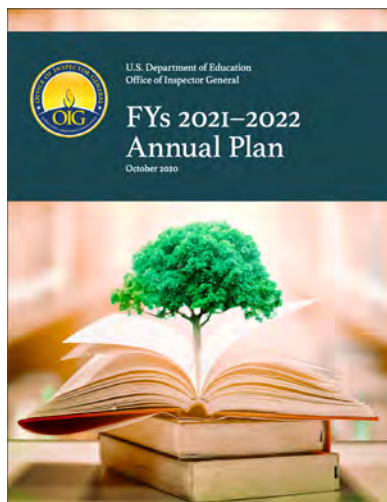
Other OIG Reports and Efforts

During this reporting period, the OIG issued three reports specific to the OIG mission and goals, including the required Management Challenges report. Summaries of these three reports and an update on other OIG efforts follow.



FY 2021 Management Challenges

In November, the OIG issued its FY 2021 Management Challenges Report, a statutorily required report that highlights the most serious management challenges the Department faces and actions the Department needs to take to address them. To identify these challenges, the OIG routinely examines past audit, inspection, and investigative work and reports issued by the Government Accountability Office, including reports issued to management where corrective actions have yet to be taken; assesses ongoing audit, inspection, and investigative work to identify significant vulnerabilities; and analyzes new programs and activities that could pose significant challenges because of their breadth and scope. For FY 2021, the OIG identified five management challenges: (1) implementing the CARES Act, (2) oversight and monitoring, (3) data quality and reporting, (4) improper payments, and (5) information technology security. [FY 2021 Management Challenges Report](#)



FYs 2021–2022 Annual Plan

In October, the OIG issued its FYs 2021–2022 Annual Plan, which identifies the audits, inspections, and other activities that the OIG intends to undertake to assist the Department in fulfilling its responsibilities to America's taxpayers and students. The Annual Plan details the assignment areas and resources that the OIG plans to devote to evaluating the efficiency, effectiveness, and integrity of Department programs and operations. It also aligns the OIG's work and resources to achieve our mission, meet the goals of our Strategic Plan, and focuses attention across challenge areas to the Department. As such, our planned and ongoing work involves Department programs and operations at all levels—Federal, State, and local—and incorporates suggestions from Department leaders, the Office of Management and Budget, and members of Congress. [FYs 2021–2022 Annual Plan](#)

FY 2020 Small Business Innovation Research Report

In October, the OIG issued its statutory report on OIG investigations involving the Small Business Innovation Research program. The National Defense Authorization Act for FY 2012 requires the inspector general of a Federal agency that participates in the program to submit an annual report describing its investigations involving those programs. The Department participates in the Small Business Innovation Research program, although it is a relatively small program within the agency. As reported, for FY 2020, no cases involving the Small Business Innovation Research were referred to the OIG. [FY 2020 SBIR Report](#)

FY 2020 Performance Results Report

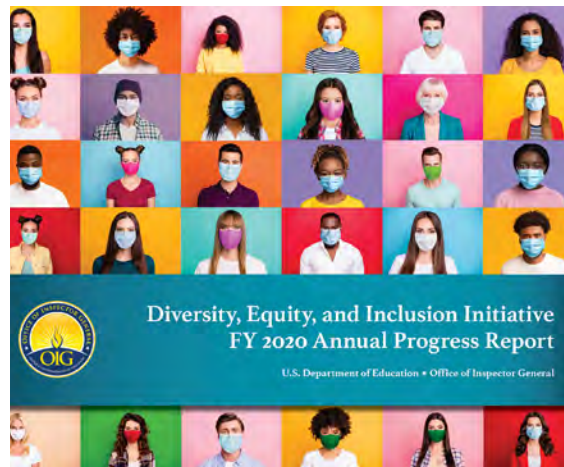
In December, the OIG issued its FY 2020 Performance Results Report in accordance with the Government Performance and Results Modernization Act of 2010. The report presents the results of our work over FY 2020 in meeting our performance measures goals. As highlighted in the report, the OIG met 90 percent of its targets under its FY 2020 Performance Goals. The report presents those results and also provides additional information on operational changes and other actions taken that help tell the story of how we were able to reach our goals in FY 2020. [FY 2020 Performance Results Report](#)

Diversity, Equity, and Inclusion Annual Progress Report

In 2019, the OIG issued its 5-year Diversity and Inclusion Strategic Plan. Through the plan, we affirmed and advanced our long-standing commitment to a diverse, equitable, and inclusive workforce and workplace environment, to help ensure that the work we produce is accessible to the diverse public we serve. In that plan, we noted our commitment to transparency and set forth the goal of producing annual progress reports. In 2020, we issued our first Diversity, Equity, and Inclusion annual report, highlighting the progress we made in implementing our initiative in FY 2020 and setting our goals for FY 2021. [FY 2020 DE&I Annual Progress Report](#)

OIG Leads Sessions at National Conferences on Identifying and Reporting Fraud

In December, the OIG hosted a breakout session at the 2020 Virtual FSA Training Conference for Financial Aid Professionals titled “Internal and External Threats Facing Title IV Institutions.” Leading the session for the OIG was Geoffrey Wood, Special Agent in Charge of the OIG’s Special Investigations Unit, and Yessyka Santana, Director of Policy and National Initiatives with the OIG’s Investigation Services component. The session provided information on the OIG’s mission, explained why institutions of higher education are targets for fraudsters, provided examples of external and



internal Title IV fraud and emerging threats, and provided tips on identifying fraud and reporting it to the OIG. The [training session](#) is available on the OIG website.

In February, OIG Special Agent Mark Deckett and Assistant Special Agent in Charge John Carlo delivered a presentation at the National Association of Elementary and Secondary Education Act (ESEA) State Program Administrator’s ESEA Network “Educating for Tomorrow” conference. The presentation, “Preventing Fraud and Corruption in Federal Education,” provided an overview of the OIG, its mission, components, and its response to fraud in Federal education programs. The [presentation](#) is available on the OIG website.



Eye on ED Podcasts

During this reporting period, the OIG released another episode in its “Eye on ED” podcast series. The podcast focused on women in Federal law enforcement and featured three OIG Investigation Services staff: Yessyca Santana, Director of Policy and National Initiatives; Terry Harris, Special Agent in Charge of the OIG’s Eastern Regional Office; and Nicole Gardner, Special Agent in Charge of the OIG’s Headquarters Operations. OIG staff write, produce, and are featured on Eye on ED podcasts, which are available on the OIG’s [website](#) and your [favorite podcast listening apps](#).

OTHER ACTIVITIES

Participation on Committees, Work Groups, and Task Forces

Inspector General Community

- **CIGIE.** OIG staff continue to play an active role in CIGIE efforts. Currently, Acting Inspector General Sandra D. Bruce chairs the CIGIE Diversity, Equity, and Inclusion Work Group and is a member of CIGIE's Audit Committee and the Information Technology Committee.
 - **Council of Counsels to the Inspectors General.** OIG Counsel to the Inspector General Antigone Potamianos serves as Vice Chair of this Council.
 - **CIGIE Diversity, Equity, and Inclusion Work Group Business Diversity Supplier Sub-Work Group.** OIG Counsel to the Inspector General Antigone Potamianos serves as Chair of this Sub-Work Group.
 - **CIGIE Disaster Assistance Working Group.** The OIG participates in this group that helps coordinate the Federal inspectors general community's oversight efforts of disaster-related funds.
 - OIG staff currently serve on the following CIGIE committees, subcommittees, and work groups:
 - Information Technology Investigations Subcommittee (Chair)
 - Assistant Inspector General for Investigations Subcommittee
 - Assistant Inspector General for Management Working Group
 - Data Analytics Working Group of the Information Technology Committee
 - CIGIE/Office of Management and Budget Grant Reform Working Group
 - Undercover Review Committee
 - Federal Hotline Working Group
 - Quality Standards for Digital Forensics Working Group
 - Disaster Assistance Working Group
 - Human Resources Directors' Roundtable
 - Enterprise Risk Management Working Group

- Internal Affairs Working Group
- OIG Communitywide Quality Assurance Working Group
- CIGIE/Government Accountability Office Annual Financial Statement Audit Conference
- OIG staff lead or facilitate CIGIE training courses, including the following:
 - Planning, Organizing, and Writing Effective Reports
 - Introduction to Auditing
 - IG Criminal Investigator Academy
 - Essentials of Inspector General Investigations
 - Contract Fraud
 - Grant Fraud
 - Suspension and Debarment
 - Transitional Training Program
 - IG Hotline Operator Training Program
 - IG Hotline Strategies
 - Ethics
 - Legal Refresher Courses, including a class on the 4th Amendment
 - Adjunct Instructor Training Program

Government-Wide Audit-Related Groups

- **Interagency Fraud and Risk Data Mining Group.** The OIG participates in this group that shares best practices in data mining and evaluates data mining and risk modeling tools and techniques that detect patterns indicating possible fraud and emerging risks.
- **Federal Audit Executive Council, Financial Statement Audit Committee Workgroup.** OIG staff serve on this interagency workgroup consisting of OIG auditors from numerous Federal agencies. The committee addresses government-wide financial management and financial statement audit issues through coordination with the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget. It also provides technical assistance on audit standards, policies, legislation, and guidance, and plans the CIGIE/Government Accountability Office Annual Financial Statement Audit Conference.



Required Reporting

Required Tables and Appendices

The following provides acronyms, definitions, and other information relevant to the tables that follow.

Acronyms and Abbreviations Used in the Required Tables

Department	U.S. Department of Education
FFEL	Federal Family Education Loan
FSA	Federal Student Aid
HEA	Higher Education Act of 1965, as amended
IES	Institute of Education Sciences
IG Act	Inspector General Act of 1978, as amended
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCTAE	Office of Career, Technical, and Adult Education
ODS	Office of the Deputy Secretary
OESE	Office of Elementary and Secondary Education
OFO	Office of Finance and Operations
OIG	Office of Inspector General
OM	Office of Management
OPE	Office of Postsecondary Education
OPEPD	Office of Planning, Evaluation and Policy Development
OS	Office of the Secretary
OSERS	Office of Special Education and Rehabilitative Services
Recs	Recommendations
SAR	Semiannual Report to Congress
Title I	Grants to local educational agencies through State educational agencies funded under Title I of the Elementary and Secondary Education Act of 1965, as amended by Every Student Succeeds Act
Title IV	Federal student aid programs funded under Title IV of the HEA

Definitions

Attestation Reports. Attestation reports convey the results of attestation engagements performed within the context of their stated scope and objectives. Attestation engagements can cover a broad range of financial and nonfinancial subjects and can be part of a financial audit or a performance audit. Attestation engagements are conducted in accordance with American Institute of Certified Public Accountants attestation standards, as well as the related Statements on Standards for Attestation Engagements.

Management Information Reports. Management information reports are used to provide the Department with information and suggestions when a process other than an audit, attestation, or inspection is used to develop the report. For example, OIG staff may compile information from previous OIG audits and other activities to identify overarching issues related to a program or operational area and use a management information report to communicate the issues and suggested actions to the Department.

Inspection Reports. Inspections are analyses, evaluations, reviews, or studies of the Department's programs. The purpose of an inspection is to provide Department decision makers with factual and analytical information, which may include an assessment of the efficiency and effectiveness of their operations and vulnerabilities created by their existing policies or procedures. Inspections may be conducted on any Department program, policy, activity, or operation. Typically, an inspection results in a written report containing findings and related recommendations. Inspections are performed in accordance with quality standards for inspections approved by the Council of Inspectors General for Integrity and Efficiency.

Special Project Reports. Special projects include OIG work that is not classified as an audit, attestation, inspection, or any other type of alternative product. Depending on the nature and work involved, the special project may result in a report issued outside the OIG. Information presented in the special project report varies based on the reason for the special project (for example, response to congressional inquiry or other evaluation and analysis). The report may contain suggestions.

Questioned Costs. As defined by the Inspector General Act of 1978 (IG Act), as amended, questioned costs are identified during an audit, inspection, or evaluation because of (1) an alleged violation of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) such cost not being supported by adequate documentation; or (3) the expenditure of funds for the intended purpose being unnecessary or unreasonable. OIG considers that category (3) of this definition would include other recommended recoveries of funds, such as recovery of outstanding funds or revenue earned on Federal funds or interest due to the Department.

Unsupported Costs. As defined by the IG Act, as amended, unsupported costs are costs that, at the time of the audit, inspection, or evaluation, were not supported by adequate documentation. These amounts are also included as questioned costs.

OIG Product Website Availability Policy

OIG final issued products are generally considered to be public documents, accessible on OIG's website unless sensitive in nature or otherwise subject to Freedom of Information Act exemption. Consistent with the Freedom of Information Act, and to the extent practical, the OIG redacts exempt information from the product so that nonexempt information contained in the product may be made available on the OIG website.

Required Reporting

The following pages presents summary tables and tables containing statistical and other data as required by the IG Act, as amended, and other statutes.

Section	Requirement	Table Number	Page Number
-	Statistical Summary of Audit and Other Report Accomplishments (October 1, 2020, through March 31, 2021)	1	56
-	Statistical Summary of Investigations Accomplishments (October 1, 2020, through March 31, 2021)	2	57
Section 5(a)(1) and 5(a)(2) of the IG Act	Significant Problems, Abuses, and Deficiencies Related to the Administration of Programs and Operations	9	71
Section 5(a)(3) of the IG Act	Significant Recommendations Described in Previous Semiannual Reports to Congress on Which Corrective Action Has Not Been Completed (October 1, 2020, through March 31, 2021)	3	58
Section 5(a)(4) of the IG Act	Matters Referred to Prosecutive Authorities (October 1, 2020, through March 31, 2021)	2	57
5(a)(5) and 6(c)(2) of the IG Act	Summary of Instances in Which Information or Assistance Was Refused or Not Provided	9	71
Section 5(a)(6) of the IG Act	Listing of Reports Audit and Other Reports and Products on Department Programs and Activities (October 1, 2020, through March 31, 2021)	4	60
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Section 5(a)(10) of the IG Act	Unresolved Reports Unresolved Audit and Other Reports Issued before Reporting Period	7	64
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Section 5(a)(11) of the IG Act	Significant Revised Management Decisions	9	71
Section 5(a)(12) of the IG Act	Significant Management Decisions with Which the OIG Disagreed	9	71
Section 5(a)(13) of the IG Act	Unmet Intermediate Target Dates Established by the Department Under the Federal Financial Management Improvement Act of 1996	9	71

Section	Requirement	Table Number	Page Number
Section 5(a)(14)-(16) of the IG Act	Peer Review Results	8	71
Section 5(a)(17) of the IG Act	Investigative Reports Issued Number of Persons Referred to the U.S. Department of Justice Number of Persons Referred to State and Local Prosecuting Authorities Indictments and Criminal Informations That Resulted from Prior Referrals to Prosecuting Authorities	2 (All four requirements included)	57
Section 5(a)(18) of the IG Act	Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables Under 5(a)(17)	2	57
Section 5(a)(19) of the IG Act	Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) Where the Allegations of Misconduct Were Substantiated	9	71
Section 5(a)(20) of the IG Act	Description of Instances of Whistleblower Retaliation	9	71
Section 5(a)(21) of the IG Act	Description of Attempt by Agency to Interfere with OIG Independence	9	71
Section 5(a)(22)(A) of the IG Act	Description of Audits Closed but Not Disclosed to the Public	9	71
Section 5(a)(22) (B) of the IG Act	Description of Investigations Involving Senior Government Employees (GS-15 or Above) that Were Closed but Not Disclosed to the Public	9	71
Section 845 of the National Defense Authorization Act for Fiscal Year 2008	Contract-Related Audit Products with Significant Findings	9	71

Table I. Statistical Summary of Audit and Other Report Accomplishments (October 1, 2020, through March 31, 2021)

Accomplishment	October 1, 2020– March 31, 2021
Audit Reports Issued	7
Inspection Reports Issued	2
Other Products Issued	4
Questioned Costs (Including Unsupported Costs)	\$7,621,191
Recommendations for Better Use of Funds	\$0
Reports Resolved By Program Managers	8
Questioned Costs Sustained (Including Unsupported Costs)	\$0
Unsupported Costs Sustained	\$0
Additional Disallowances Identified by Program Managers	\$0
Management Commitment to the Better Use of Funds	\$0

**Table 2. Statistical Summary of Investigative Accomplishments
(October 1, 2020, through March 31, 2021)**

Accomplishment	Description of the Metric	Adjusted October 1, 2019– March 31, 2020 (SAR 80)
Investigative Cases Opened	Number of cases that were opened as full investigations or converted from a complaint or preliminary inquiry to a full investigation during the reporting period.	25
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	21
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	189
Investigative Reports Issued	Number of Reports of Investigation issued during the reporting period.	22
Total Number of Persons Referred to State and Local Prosecuting Authorities	Number of individuals and organizations formally referred to State or local prosecuting authorities for prosecutorial decisions during the reporting period.	4 Criminal
Total Number of Persons Referred to the U.S. Department of Justice	Number of individuals and organizations formally referred to the U.S. Department of Justice for prosecutorial decisions.	5 Criminal 17 Civil
Indictments and Criminal Informations that Result from Prior Referrals to Prosecuting Authorities	Number of individuals who were indicted or for whom a criminal information was filed during the reporting period.	29
Convictions/Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	21
Fines Ordered	Sum of all fines ordered during the reporting period.	\$348,300
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	\$4,161,272
Civil Settlements/Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	9
Civil Settlements/Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	\$5,896,374
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	\$5,876,835
Forfeitures/Seizures	Sum of all forfeitures/seizures ordered during the reporting period.	\$218,017
Estimated Savings	Sum of all administrative savings or cost avoidances that result in a savings to, or better use of funds for, a program or victim during the reporting period. These are calculated by using the prior 12 month period of funds obtained or requested and then projecting that amount 12 months forward.	\$53,972
Suspensions Referred to Department	Number of suspensions referred to the Department during the reporting period.	14
Debarments Referred to Department	Number of debarments referred to the Department during the reporting period.	7

Table 3. Significant Recommendations Described in Previous Semiannual Reports to Congress on Which Corrective Action Has Not Been Completed (October 1, 2020, through March 31, 2021)

This table is limited to OIG internal audit reports of Departmental operations because that is the only type of audit in which the Department tracks each related recommendation through completion of corrective action.

Office	Report Type and Number	Report Title (Prior SAR Number and Page)	Date Issued	Date of Management Decision	Number of Significant Recs Open	Number of Significant Recs Completed	Projected Action Date
FSA	Audit A17R0002	Final Independent Auditors' Report Fiscal Years 2017 and 2016 Financial Statements Federal Student Aid (Budget Services is also designated as an action official) (SAR 76, page 58)	11/13/17	2/16/18	1	9	10/14/21
FSA	Audit A19R0003	Federal Student Aid's Contractor Personnel Security Clearance Process (SAR 77, page 54)	4/17/18	8/20/18	1	16	12/31/21
OCIO	Audit A11S0001	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report for Fiscal Year 2018 (Report was addressed to ODS and FSA) (SAR 78, page 56)	10/31/18	1/29/19	11	34	2/28/22
OCIO	Audit A11T0002	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report for Fiscal Year 2019 (SAR 80, page 58)	10/31/19	4/23/20	10	27	2/28/22
OFO	Audit A04T0004	The U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for Fiscal Year 2018 (This report was addressed to OFO and FSA) (SAR 79, page 56)	05/29/19	7/18/19	1	5	8/1/21
OFO	Audit A17R0001	Final Independent Auditors' Report Fiscal Years 2017 and 2016 Financial Statements U.S. Department of Education (Budget Services and OCIO were also designated as action officials) (SAR 76, page 58)	11/13/17	3/23/18	1	8	1/14/21

Office	Report Type and Number	Report Title (Prior SAR Number and Page)	Date Issued	Date of Management Decision	Number of Significant Recs Open	Number of Significant Recs Completed	Projected Action Date
OM	Audit A19P0008	The Department's Implementation of the Contractor Personnel Security Clearance Process (<i>SAR 77, page 54</i>)	9/20/18	12/11/18	2 Significant 0 Non-significant	4 Significant 5 Non-significant	9/30/21
OPE	Audit A09T0007	The U.S. Department of Education's Awarding and Monitoring of Grantees' Uses of Disaster Recovery Funds for Postsecondary Schools (<i>SAR 81, page 50</i>)	9/30/20	11/30/20	4	1	6/30/21

Table 4. Audit and Other Reports and Products on Department Programs and Activities (October 1, 2020, through March 31, 2021)

Office	Report Type and Number	Report Title	Date Issued	Questioned Costs	Unsupported Costs	Number of Recs
FSA	Audit A09T0008	University of Texas at San Antonio's Controls Over Reporting Clery Act Crime Statistics	11/24/20	-	-	5
FSA	Audit A17U0002	Final Independent Auditors' Report for Fiscal Years 2020 and 2019 Financial Statements, Federal Student Aid	11/16/20	-	-	16
OCIO	Audit A11U0001	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 for Fiscal Year 2020	10/30/20	-	-	24
OESE	Other B20DC0019B	OIG's Independent Report on the Department's Performance Summary Report for Fiscal Year 2020, dated February 17, 2021	2/18/21	-	-	0
OESE	Audit A02T0006	Florida Department of Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program	1/28/21	\$7,621,191	\$7,621,191	7
OESE	Inspection I20DC0013	Higher Education Emergency Relief Fund Reporting Requirements	2/26/21	-	-	0
OFO	Other B20DC0019A	OIG's Independent Report on the Department's Budget Formulation Compliance Report for Calendar Year 2020, dated January 28, 2021	1/29/21	-	-	0
OFO	Other B20DC0019	OIG's Independent Report on the Department's Detailed Accounting of Fiscal Year 2020 Drug Control Funds, dated January 28, 2021	1/29/21	-	-	0
OFO	Audit A17U0001	Final Independent Auditors' Report for Fiscal Years 2020 and 2019 Financial Statements, U.S. Department of Education	11/16/20	-	-	16
OFO	Inspection S20DC0008	Assessment of the Department's Reconstitution Plans Following COVID-19	12/14/20	-	-	2
OPE	Other S19T0003	The Department's Recognition of the Accrediting Council for Independent Colleges and Schools as an Accrediting Agency	3/2/21	-	-	3

Office	Report Type and Number	Report Title	Date Issued	Questioned Costs	Unsupported Costs	Number of Recs
OSERS	Audit A02T0004	Pennsylvania Department of Education's and Selected Virtual Charter Schools' Internal Controls Over Individualized Education Programs	12/2/20	-	-	2
OSERS	Audit A03S0006	Ohio Department of Education's and Selected Virtual Charter Schools' Internal Controls Over Individualized Education Programs	3/1/21	-	-	5
Total	-	-	-	\$7,621,191	\$7,621,191	80

Table 5. Audit and Other Reports with Questioned or Unsupported Costs

None of the products reported in this table were performed by the Defense Contract Audit Agency.

Requirement	Number	Questioned Costs (Includes Unsupported Costs)	Unsupported Costs
A. For which no management decision has been made before the commencement of the reporting period	2	\$12,401,007	\$12,366,942
B. Which were issued during the reporting period	1	\$7,621,191	\$7,621,191
Subtotals (A + B)	3	\$20,022,198	\$19,988,133
C. For which a management decision was made during the reporting period	0	\$0	\$0
(i) Dollar value of disallowed costs	0	\$0	\$0
(ii) Dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision was made by the end of the reporting period	3	\$20,022,198	\$19,988,133

Table 6. Audit and Other Reports with Recommendations for Better Use of Funds

None of the products reported in this table were performed by the Defense Contract Audit Agency.

Requirement	Number	Dollar Value
A. For which no management decision was made before the commencement of the reporting period	0	\$0
B. Which were issued during the reporting period	0	\$0
Subtotals (A + B)	0	\$0
C. For which a management decision was made during the reporting period:		
Dollar value of recommendations that management agreed to	0	\$0
Dollar value of recommendations that management did not agreed to	0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0

Table 7. Unresolved Reports Issued before Reporting Period, and Outstanding Unimplemented Recommendations with Aggregate Potential Cost Savings

The Department tracks audit resolution and the implementation of corrective actions related to OIG recommendations in its Audit Accountability and Resolution Tracking System. The Office of Finance and Operations maintains this system, which includes input from OIG and responsible program officials. The Audit Accountability and Resolution Tracking System includes recommendation-level detail for all internal reports where the Department is directly responsible for implementing corrective action. The system includes less detailed information on the status of individual recommendations made to external auditees, such as State educational agencies, local educational agencies, institutions of higher education, other grantees and other participants in the Federal student aid programs, and contractors. We generally do not estimate monetary benefits in our internal audits of the Department's management of its programs and operations, other than to identify better uses of funds.

We consider an audit resolved when the OIG and agency management or contracting officials agree on actions to be taken on reported findings and recommendations.

The Department commented on all reports within 60 days of issuance.

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
FSA	Technical Career Institute's Administration of the Federal Pell Grant and Federal Family Education Loan Program A02H0007	The audit found that although the school met requirements for institutional, program, and student eligibility and for award calculations, it improperly paid FFEL lenders to pay off its students' loans and prevent default, and it had internal control deficiencies in its administration of Title IV programs. Current Status: FSA informed us that the audit is resolved, and it is working to complete the audit	5/19/08	Yes	13	\$6,458
FSA	Special Allowance Payments to Sallie Mae's Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations A03I0006	The audit found that although its billings for the special allowance payments under the 9.5 percent floor complied with laws, Sallie Mae's billing for Nellie Mae did not comply with other requirements for the 9.5 percent floor calculation. Current Status: FSA informed us that the audit is currently under appeal..	8/3/09	Yes	3	\$22,378,905
FSA	SOLEX College's Administration of Selected Aspects of the Title IV Programs A05O0007	The audit found that the school improperly disbursed Federal student aid to students who were enrolled in programs that were not qualified to participate in Federal student aid programs under the HEA. Current Status: FSA informed us that the audit is resolved, and it is working to complete the audit.	9/30/15	Yes	6	\$1,795,500

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
FSA	Federal Student Aid's Total and Permanent Disability Discharge Process A02Q0006 New	The audit found that FSA appropriately approved and rejected applications. However, we identified design weaknesses in FSA's control activities for TPD discharge applications. FSA did not use the appropriate sampling parameters for its review. FSA had weaknesses in documenting procedures, quality control reviews, and monitoring the discharge process. Current Status: FSA informed us that the audit is resolved, but all corrective actions have not been completed.	6/18/20	Yes	8	\$0
OCTAE	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds A04O0004	The audit found that the Puerto Rico Department of Education can improve its oversight of the Adult Education program to ensure that it (1) submits complete, supported, and accurate performance data to the Department, (2) uses funds in compliance with applicable laws and regulations, and (3) obtains and reviews single audit reports of subgrantees. Current Status: OCTAE informed us that the audit is resolved but all corrective actions have not been completed.	2/22/18	Yes	9	\$97,481
OESE	Harvey Public School District 152: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses A05Q0003	The audit found that the Harvey Public School District 152 did not always follow the policies that it designed to remediate previously reported findings of inadequate inventory management and did not design procedures to provide reasonable assurance that it submitted accurate periodic expenditure reports to the State. Current Status: OESE informed us that it is working to resolve this audit.	5/18/17	No Proposed resolution date: 9/30/21	5	\$0
OESE	Calculating and Reporting Graduation Rates in Alabama A02P0010	The audit found that the Alabama State Department of Education's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete for the time period covered by our audit. Current Status: OESE informed us that it is working to resolve this audit.	6/14/17	No Proposed resolution date: 9/30/21	6	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OESE	Detroit Public Schools Community District: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses A05R0001	The audit found that the school district's noncompliance occurred because it did not have adequate policies and procedures to review Title I contracts, invoices, employee insurance benefit costs, and adjust journal entries to ensure they were adequately documented, reasonable, and allowable. Current Status: OESE informed us that it is working to resolve this audit.	3/28/18	No Proposed resolution date: 9/30/21	10	\$0
OESE	Orleans Parish School Board: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses A05R0002	Other than a deficiency involving nonpublic schools, nothing came to our attention during the followup audit indicating that Orleans Parish did not design and implement policies and procedures to reduce the risk of future noncompliance. Regarding the deficiency, we found that Orleans Parish did not design and implement procedures that provided reasonable assurance that expenditures for services provided to nonpublic school students and charged to Title I funds were allowable. Current Status: OESE informed us that it is working to resolve this audit.	5/14/18	No Proposed resolution date: 9/30/21	2	\$0
OESE	Calculating and Reporting Graduation Rates in Utah A06R0004	The audit found Utah's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete for the time period covered by our audit and that Utah did not calculate its adjusted cohort graduation rates in accordance with Federal requirements. Current Status: OESE informed us that it is working to resolve this audit,	11/27/18	No Proposed resolution date: 9/30/21	7	\$0
OESE	Puerto Rico Department of Education's Internal Controls Over the Immediate Aid to Restart School Operations Program A04S0013	The audit found that the Puerto Rico Department of Education's procurement and monitoring processes did not provide reasonable assurance that it would properly administer or adequately monitor Restart program funds. Current Status: OESE informed us that it is working to resolve this audit.	7/17/19	No Proposed resolution date: 9/30/21	6	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OESE	U.S. Virgin Islands Department of Education's Internal Controls over the Immediate Aid to Restart School Operations Program A04S0014	The audit found that the Virgin Islands Department of Education's fiscal and programmatic monitoring processes did not provide reasonable assurance that it would spend Restart program funds timely or that it would conduct effective monitoring of Restart program performance. Current Status: OESE informed us that it is working to resolve this audit.	6/3/19	No Proposed resolution date: 9/30/21	5	\$0
OESE	Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program A02T0001	The audit found that Texas's system of internal control over displaced student count data did not ensure that the data provided to the Department were accurate and complete. The audit also found that Texas's system of internal control did not always ensure that LEAs used Emergency Impact Aid program funds in accordance with applicable Federal requirements. Current Status: OESE informed us that it is working to resolve this audit.	3/6/20	No Proposed resolution date: 9/30/21	10	\$12,366,942
OESE	Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program A06T0001	The audit found instances of noncompliance with applicable Federal requirements and guidance relating to the use of Restart program funds. Current Status: OESE informed us that it is working to resolve this audit.	2/13/20	No Proposed resolution date: 9/30/21	5	\$34,065
OESE	The U.S. Department of Education's Processes for Reviewing and Approving State Plans Submitted Pursuant to the Elementary and Secondary Education Act of 1965, as Amended A05S0001 New	The audit found the Department designed its processes to provide reasonable assurance that State and Department Plans complied with Federal requirements. However, the Department did not implement all aspects of the State Plan review process as designed. Current Status: OESE is working to resolve this audit.	9/28/20	No Proposed Resolution Date: 9/30/21	3	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OFO	U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for Fiscal Year 2020 A04U0001 New	The audit found that the Department complied with IPERA because it met all six compliance requirements. However, the Department published unreliable improper payment estimates that were not valid and reported incomplete total program outlays and improper payments. Current Status: OFO is working to resolve this audit.	7/13/20	No Proposed resolution date: 9/30/21	5	\$0
OFO	Audit of the University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project (OPE is also designated as action official) A05D0017	The audit found that the school did not serve the number of participants it was funded to serve and that its partnership did not provide the required matching funds. Current Status: OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1/14/04	Yes	4	\$1,018,212
OFO	Massachusetts Department of Elementary and Secondary Education's Oversight of Local Educational Agency Single Audit Resolution A09P0001	The audit found that the Massachusetts Department of Elementary and Secondary Education's oversight of local education agency single audit resolution was not sufficient, as it did not always work collaboratively or communicate effectively with local educational agencies that had audit findings to ensure that they took timely and appropriate corrective action; did not have internal controls that were sufficient to ensure that it provided adequate oversight of the local educational agency audit resolution process; and did not appear to make local educational agency audit resolution a high priority. Current Status: OFO informed us that the audit is resolved, but all corrective actions have not been completed.	1/25/16	Yes	5	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OFO	Protection of Personally Identifiable Information in Indiana's Statewide Longitudinal Data System (IES is also designated as an action official) A06Q0001	The audit found that Indiana did not provide adequate oversight of the Management and Performance Hub during the development of the Indiana Network and Knowledge system to ensure that the system met the minimum-security requirements found in the Indiana Code and the Indiana Office of Technology Information Security Framework. Current Status: OFO informed us that the audit is resolved, but all corrective actions have not been completed.	7/10/17	Yes	4	\$0
OFO	IDEA Public Schools' Administration of Grants for the Replication and Expansion of High-Quality Charter Schools A05S0013	The audit found that Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools did not include complete and accurate information for all performance measures on which it was required to report in its annual performance reports. The audit also found that IDEA Public Schools did not always spend grant funds in accordance with Federal cost principles and its approved grant applications. Current Status: OFO informed us that the audit is resolved, but all corrective actions have not been completed.	11/22/19	Yes	6	\$23,535
OPE	U.S. Department of Education's Recognition and Oversight of Accrediting Agencies A09R0003	The audit found that the Department did not provide reasonable assurance that it recognized only agencies meeting Federal recognition criteria. We also found that the Department's oversight approach may not identify issues soon enough to mitigate or prevent potential harm to accredited institutions of higher education, students, or taxpayers. Current Status: OPE informed us that the audit is resolved, but all corrective actions have not been completed.	6/27/18	Yes	3	\$0

Office	Report Title and Number	Summary of Report and Status of Audit/Recommendations	Date Issued	Audit Resolved	Number of Recs	Dollar Value of Aggregate Potential Cost Savings
OPEPD	Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints (The report was addressed to OM) A09R0008	The audit found that the Office of the Chief Privacy Officer had no controls in place to ensure that it timely and effectively processed the Family Educational Rights and Privacy Act complaints. The Privacy Office officials estimated they were about 2 years behind on complaint investigations. Current Status: OPEPD informed us that the audit is resolved, but all corrective actions have not been completed.	11/26/18	Yes	8	\$0

Table 8. Peer Review Results

Description
During this reporting period, the OIG IG conducted a peer review of the system of quality control for the audit organization of the U.S. Department of Homeland Security Office of Inspector General in effect for the year ended September 30, 2020. The Department of Homeland Security Office of Inspector General received an external peer review rating of pass. We issued the report on March 31, 2021.

Table 9. Other Reporting Requirements

Requirement	Results
Significant Problems, Abuses, or Deficiencies Related to the Administration of Programs and Operations	Nothing to Report
Significant Management Decisions with which the OIG Disagreed	Nothing to Report
Summary of Instances where Information or Assistance was Refused or Not Provided	Nothing to Report
Summary of Audit Reports for which No Agency Comment was Returned to the OIG within 60 Day of Issuance	Nothing to Report
Significant Revised Management Decisions	Nothing to Report
Unmet Intermediate Target Dates Established by the Department under the Federal Financial Management Improvement Act of 1996	Nothing to Report
Description of Instances of Whistleblower Retaliation	Nothing to Report
Description of Attempt by the Agency to Interfere with OIG Independence	Nothing to Report
Audits or Inspections Closed but Not Disclosed to the Public	Nothing to Report
Report on Each Investigation Conducted by the OIG Involving a Senior Government Employee (GS-15 or Above) where the Allegations of Misconduct were Substantiated	Nothing to Report
Description of Investigations Involving Senior Government Employees (GS-15 or Above) that Were Closed by Not Disclosed to the Public	Nothing to Report
Contract-Related Audit Products with Significant Findings	Nothing to Report

Acronyms and Abbreviations

ACICS	Accrediting Council for Independent Colleges and Schools
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Clery Act	Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act
COVID-19	coronavirus disease 2019
Department	U.S. Department of Education
EIA	Temporary Emergency Impact Aid for Displaced Students
ESEA	Elementary and Secondary Education Act of 1965, as amended
FAFSA	Free Application for Federal Student Aid
FISMA	Federal Information Security Modernization Act of 2014
FSA	Federal Student Aid
FY	fiscal year
HEERF	Higher Education Emergency Relief Fund
IDEA	Individuals with Disabilities Education Act
IEP	Individualized Education Program
LEA	local educational agency
OIG	Office of Inspector General
OPE	Office of Postsecondary Education
PRAC	Pandemic Response Accountability Committee
San Antonio	University of Texas at San Antonio
SEA	State educational agency
TRECA	Tri-Rivers Educational Computer Association Digital Academy

FY 2021 Management Challenges

The Reports Consolidation Act of 2000 requires the OIG to identify and summarize the most significant management challenges facing the Department each year. Below are the management challenges that the OIG identified for FY 2021.

- Implementing the Coronavirus Aid, Relief, and Economic Security Act
- Oversight and monitoring
- Data quality and reporting
- Improper payments
- Information technology security

For a copy of our Management Challenges reports, visit our website at <http://www2.ed.gov/about/offices/list/oig/managementchallenges.html>.

Anyone knowing of fraud, waste, or abuse involving U.S. Department of Education funds or programs should contact the Office of Inspector General Hotline:

<http://oighotline.ed.gov>

We encourage you to use the automated complaint form on our website; however, you may call toll-free or write the Office of Inspector General.

Inspector General Hotline
1-800-MISUSED
(1-800-647-8733)

Inspector General Hotline
U.S. Department of Education
Office of Inspector General
400 Maryland Ave., S.W.
Washington, D.C. 20202

You may make a report anonymously.

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<http://www.ed.gov/oig>