

U.S. Department of Education  
Office of Inspector General

# FY 2016 Annual Plan

November 2015

**Office of Inspector General**

Kathleen S. Tighe

*Inspector General*

November 2015

This report is in the public domain. Authorization to reproduce it in whole or in part is granted. While permission to reprint this publication is not necessary, the citation should be: U.S. Department of Education, Office of Inspector General, FY 2016 Annual Plan.

The Inspector General's FY 2016 Annual Plan is available on the ED OIG Web site at <http://www2.ed.gov/about/offices/list/oig/reports.html>.

Cover image used under license from Shutterstock.com.

# Message From the Inspector General



I am pleased to provide the U.S. Department of Education (Department) Office of Inspector General (OIG) Annual Plan for fiscal year (FY) 2016. This Annual Plan presents the major initiatives and priorities this office intends to undertake to assist the Department in fulfilling its responsibilities to America's taxpayers and students.

This Annual Plan aligns the OIG's work and resources to achieve our mission, meet the goals of our Strategic Plan, and focus attention across challenge areas to the Department. To these ends, our planned and ongoing work involves Department programs and operations at all levels—Federal, State, and local.

The FY 2016 Annual Plan includes our FY 2016 Work Plan, which details the assignment areas and resources we plan to devote to evaluating the efficiency, effectiveness, and integrity of Department programs and operations. Our Work Plan incorporates suggestions from Department leaders and members of Congress.

The Department continues to face significant challenges in FY 2016 that impact its ability to effectively achieve its mission of promoting student achievement and preparing for global competitiveness by fostering educational excellence and ensuring equal access. In response to these challenges, the focus of new work within the FY 2016 Annual Plan includes projects to assess high-priority areas such as oversight and monitoring of Federal student financial assistance programs, elementary and secondary programs, grantees, and contractors; information technology security; data quality and reporting; the effectiveness of Department internal operations; and emerging areas among the Department's programs.

First, in the area of Federal student financial assistance programs, effective oversight and monitoring of program participants are necessary to ensure funds are disbursed for only eligible students and to effectively manage the performance of the Federal student loan portfolio. Within this area, our planned audit work includes the disclosures to policymakers regarding the cost of the Federal student loan programs and repayment options, processes to select Free Application for Federal Student Aid data elements and students for verification, and the oversight of at-risk schools.

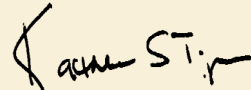
Second, in the area of elementary, secondary, and special education, effective monitoring and oversight of grantees are essential for ensuring they establish requirements and achieve program goals and objectives. In response, we plan to dedicate audit resources to issues involving implementation of grant reform, oversight of Indian Education Formula Grants to Local Educational Agencies program, and coordination and oversight of educational services for homeless children and youth.

Third, in the area of business operations, the Department faces a changing environment in which it must efficiently provide services to growing numbers of program participants, while managing additional administrative requirements with declining staffing levels. Within this area, we plan work relating to the administration of the Family Educational Rights and Privacy Act and Protection of Pupil Rights Amendment, the Federal Student Aid Ombudsman Group's processes to handle borrower complaints, and the sufficiency of actions taken to comply with the Data Accountability and Transparency Act of 2014.

Finally, we will continue to identify emerging risks and vulnerabilities throughout the agency's operations and Federal education programs, recommending corrective actions to ensure that Federal education funds are used for the purposes intended.

Although this Annual Plan provides a framework for activities we intend to carry out in FY 2016, we are often required to perform unanticipated work based on legislative mandates, congressional or Departmental inquiries, or Federal government-wide reviews. We must be flexible enough to address these other priorities as they arise.

We look forward to continuing to work with the Department and the Congress in meeting our goals and fulfilling our mission.

A handwritten signature in black ink, appearing to read "Kathleen S. Tighe". The signature is written in a cursive style with a large initial "K" and a stylized "S.T." at the end.

Kathleen S. Tighe  
Inspector General

# Table of Contents

<b>U.S. Department of Education Office of Inspector General FY 2016 Annual Plan</b>	<b>1</b>
Mission Statement	1
Introduction	1
Strategic Plan Goals	1
FY 2016 Management Challenges	2
<b>FY 2016 Work Plan</b>	<b>3</b>
Goal 1: Improve the Department’s ability to effectively and efficiently implement its programs to promote educational excellence and opportunity for all students	3
Goal 2: Strengthen the Department’s efforts to improve the delivery of student financial assistance	5
Goal 3: Protect the integrity of the Department’s programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse	7
Goal 4: Contribute to improvements in Department business operations	10
Other Activities	13
<b>Table 1. FY 2016 Work Plan and FY 2016 Management Challenges</b>	<b>15</b>
<b>Table 2. FY 2016 Performance Measures</b>	<b>19</b>
<b>Table 3. FY 2015 Performance Results</b>	<b>21</b>
<b>Appendix A. Abbreviations and Acronyms Used in This Report</b>	<b>23</b>



# U.S. Department of Education Office of Inspector General FY 2016 Annual Plan

## Mission Statement

Our mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. To achieve this mission, we conduct audits and investigations and provide other assistance to help ensure integrity in the Department's programs and operations and identify opportunities for improvement.

## Introduction

The U.S. Department of Education (Department), Office of Inspector General (OIG) Strategic Plan for fiscal year (FY) 2014 through FY 2018 sets forth our mission, vision, and goals for 5 years. Our mission is rooted in our statutory responsibilities under the Inspector General Act of 1978, as amended (IG Act). The IG Act established OIGs as independent and objective organizations within the Federal departments and agencies. The IG Act authorizes each OIG to do the following:

- Conduct and supervise audits and investigations relating to its agency's programs and operations.
- Provide leadership, coordinate, and recommend policies for activities designed to promote economy, effectiveness, and efficiency in the agency's programs and operations; and to prevent and detect waste, fraud, and abuse in the agency's programs and operations.
- Keep its agency head and Congress fully and currently informed of problems and deficiencies in the agency's programs and operations and on the status of corrective actions.

## Strategic Plan Goals

OIG's Strategic Plan for FY 2014–FY 2018<sup>1</sup> provides the roadmap by which we plan to accomplish our mission. To meet our mission, we have established the following goals:

- Goal 1:** Improve the Department's ability to effectively and efficiently implement its programs.
- Goal 2:** Strengthen the Department's efforts to improve the delivery of student financial assistance.
- Goal 3:** Protect the integrity of the Department's programs and operations.
- Goal 4:** Contribute to improvements in Department business operations.
- Goal 5:** Strive for a diverse and skilled workforce that is provided with the means and assistance necessary to achieve OIG's mission.

---

<sup>1</sup> The OIG Strategic Plan is available on our Web site at [www2.ed.gov/about/offices/list/oig/reports.html](http://www2.ed.gov/about/offices/list/oig/reports.html).

The first four goals focus on our responsibilities under the IG Act to promote economy, efficiency, and effectiveness and to prevent and detect waste, fraud, and abuse. The fifth goal focuses on the internal functions of the OIG and provides the foundation for our capacity to achieve the other four goals now and in the future. More details are available in the OIG Strategic Plan on the specific strategies developed for each goal and associated performance measures. The FY 2016 performance measures for the goals are presented in Appendix A to this Plan.

## **FY 2016 Management Challenges**

For FY 2016, the OIG identified the following areas as significant management challenges<sup>2</sup> for the Department:

- Improper Payments,
- Information Technology Security,
- Oversight and Monitoring,
- Data Quality and Reporting, and
- Information Technology System Development and Implementation.

---

<sup>2</sup> The full management challenges report is available in a separate report on our Web site at <http://www2.ed.gov/about/offices/list/oig/managementchallenges.html>.



# FY 2016 Work Plan

Audits, investigations, and other activities in the OIG's FY 2016 Work Plan are presented under each of their respective OIG Strategic Plan goals in the sections that follow. Some OIG projects address more than one goal, but each is presented under its primary related goal. Table 1 correlates the FY 2016 Work Plan projects to the FY 2016 Management Challenges. In addition to considering the OIG goals and FY 2016 Management Challenges, we also assessed the work proposed in terms of the availability of the necessary resources to accomplish it.

## **Goal 1: Improve the Department's ability to effectively and efficiently implement its programs to promote educational excellence and opportunity for all students.**

Our audit work in the area of promoting educational excellence and opportunity for all students includes specific work pursuant to numerous Department programs impacting its mission to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. Our investigations focus on serious allegations of fraud and corruption involving these programs. Our work related to the Department's oversight of student financial assistance programs also contributes to this goal, with planned and ongoing work primarily identified under Goal 2. New priority work and continuing work for Goal 1 in FY 2016 includes the following.

### **New Priority Work**

- **Department Oversight of the Indian Education Formula Grants to Local Educational Agencies Program**—Determine whether the Department has an adequate process to ensure grantees are using funds appropriately and meeting performance goals, and assess the effectiveness of the Department's coordination efforts with other Federal agencies involved in Indian education.
- **Department Coordination and Oversight of Educational Services for Homeless Children and Youth**—Determine the effectiveness of the Department's efforts to ensure homeless children and youth receive appropriate educational services. We will also assess the adequacy of the Department's collaboration and coordination activities with other Federal agencies that provide services for homeless children and youth.
- **Federal Student Aid's Evaluation and Oversight of School's Participation in the Experimental Sites Initiative**—Determine whether Federal Student Aid (FSA) established a system of internal control to ensure (1) FSA properly monitors schools participating in the Experimental Sites Initiative, (2) schools participating in the initiative are adhering to reporting requirements, and (3) FSA designed and implemented the initiative to support decision making by providing appropriate data and results with respect to meaningful and measurable criteria.

- **Audits, Inspections, and Investigations of Select Grantees**—Periodically, program offices will request that we review grantees where the possibility of fraud, waste, or abuse of Federal funds has been identified. We also receive hotline allegations or other information alleging fraud or misuse of Federal funds, or otherwise identify specific grantees that warrant review. Objectives will vary based on the nature of the referral or reasons for conducting the audit work. Generally, the objectives will relate to whether grantees are complying with applicable laws, regulations, and grant terms.

## Continuing Work

- **State Educational Agencies' Verification of Single Audit Finding Resolution**—Continue our work to determine whether the Department has provided adequate oversight of State educational agencies (SEA) to ensure local educational agencies (LEA) timely resolve single audit findings. Our work includes projects at three SEAs to determine whether they provided effective oversight to ensure that LEAs timely and appropriately corrected single audit findings. We are continuing our work at the North Carolina Department of Public Instruction, Illinois State Board of Education, and Massachusetts Department of Elementary and Secondary Education.
- **Department's Oversight of the Rural Education Achievement Program**—Continue our work to determine whether the Department adequately monitored grantees' performance and use of funds, and assess the effectiveness of coordination efforts both within the Department and with other Federal agencies involved in rural education.
- **The Department's and Selected States' Oversight of Career and Technical Education Programs**—Continue our work to determine whether the Department has established a system of internal control over the Perkins IV program that provides reasonable assurance that States and subrecipients submit reliable program performance data to the Department and take corrective action when the Department and others identify unreliable program performance data and inadequate performance results.
- **Oversight of Closed Charter Schools**—Continue our work to determine whether the Department has effective oversight of the programs provided to charter schools and sufficiently monitors SEAs to ensure (1) procedures and internal controls are in place to identify the causes for charter school closures and for mitigating the risks of future charter school closures, (2) close-out procedures for Federal funds received by a charter school are performed in accordance with Federal regulations and law, (3) closed charter schools dispose of any Federal funds they acquired in accordance with Federal regulations and law, (4) transfer of students from a charter school that closes is performed in accordance with Federal regulations and law, and (5) student information and records from closed charter schools are protected and maintained in accordance with Federal regulations and law.

- **Compliance, Measurements, and Outcomes of the Vocational Rehabilitation State Grant Program**—Continue our work to determine whether the Department has adequate internal controls to provide reasonable assurance that the Rehabilitation Services Administration Case Service Report data that State vocational rehabilitation agencies reported are accurate and complete. In addition to the work to assess the Department’s oversight, this project includes work at three States to determine whether they had adequate internal controls to provide reasonable assurance that their Rehabilitation Services Administration Case Service Report data were accurate and complete. We are continuing our work at the Opportunities for Ohioans with Disabilities, Pennsylvania Office of Vocational Rehabilitation, and California Department of Rehabilitation.
- **Accrediting Agencies’ Evaluation of Competency-Based Education Programs**—Continue our work to determine whether selected accrediting agencies established a system of internal control that provided reasonable assurance that their classifications of delivery methods and measurements of student learning for competency-based programs, including direct assessment programs, were sufficient and appropriate to ensure that the schools’ programs were properly classified for the purposes of the Title IV of the Higher Education Act of 1965, as amended (Title IV). We issued a report on the Higher Learning Commission’s evaluation of competency-based education programs in September 2015 (A0500010) and are continuing our work at the Western Association of Schools and Colleges Senior College and University Commission.

## **Goal 2: Strengthen the Department’s efforts to improve the delivery of student financial assistance.**

Our planned and continuing work in the student financial assistance programs includes Department oversight of schools, guaranty agencies, and servicers. We will also continue to devote significant resources towards the investigation of allegations of fraud in student financial assistance programs, with an ongoing focus on distance education programs (see also work described under Goals 1 and 3). New priority work and continuing work to be performed in FY 2016 under Goal 2 will include the following.

### **New Priority Work**

- **FSA Oversight of Schools Submitting Untimely Disbursement Records**—Determine whether FSA has effective controls and processes to ensure that schools are timely and effectively performing reconciliations. Specifically, determine whether FSA has controls to (1) ensure that schools timely book Direct Loans, (2) identify schools that make significant adjustments to Direct Loans and Pell Grants after the end of an award year, and (3) take appropriate action when it identifies patterns of significant adjustments at a school.

- **Department Disclosures to Policymakers Regarding the Cost of the Federal Student Loan Programs and Repayment Options**—Determine whether the Department has adequately disclosed the cost of its student loan programs and repayment options to policymakers.
- **Due Diligence in Servicing Department Loans**—Determine whether FSA has adequate controls to ensure that contracted entities are servicing Department-held loans in accordance with due diligence requirements.
- **FSA’s Process to Select Free Application for Federal Student Aid Data Elements and Students for Verification**—Determine whether FSA’s processes to select Free Application for Federal Student Aid (FAFSA) data elements and students for verification ensure that Federal student financial aid is disbursed based on accurate information reported on students’ FAFSAs.
- **Lessons Learned From Corinthian Colleges, Inc., and Department Oversight of At-Risk Proprietary Schools**—Determine whether the Department has identified lessons learned from the collapse of Corinthian Colleges, Inc., and applied them to its oversight of other at-risk schools to ensure it proactively addresses any potential problems.
- **FSA’s Oversight and Monitoring of Nelnet’s Total and Permanent Disability Loan Discharge Process**—Determine whether FSA’s oversight and monitoring of Nelnet’s Total and Permanent Disability discharge process ensures disability loan discharges are performed in accordance with Federal program requirements and whether FSA properly oversees and monitors information entered into Nelnet’s system to ensure that student disability loan discharges are accurately reported.
- **Audits, Inspections, and Investigations of Selected Program Participants**—Throughout the year, we may receive referrals from program offices requesting review of postsecondary institutions or other student financial assistance program participants where the possibility of fraud, waste, or abuse of Federal funds has been identified. We also receive hotline allegations or other information alleging fraud or misuse of Federal funds, or may otherwise identify specific institutions that warrant review. Objectives will vary based on the nature of the concerns. Generally, objectives will relate to whether the institutions are complying with regulations, program guidelines, and the Higher Education Act, as amended, or to alert the Department to any emerging and systemic areas of abuse.

## **Continuing Work**

- **Western Governors University’s Administration of the Title IV Programs**—Continue our work to determine whether Western Governors University complied with the Higher Education Act of 1965, as amended, and selected regulations governing institutional eligibility, program eligibility, disbursements, and return of Title IV aid.

- **The Department’s Oversight of Misrepresentation Regulations**—Continue our work to determine whether FSA implemented processes and procedures to identify institutions misrepresenting the value of their programs and to assess whether FSA takes timely and effective action when it becomes aware of potential misrepresentation by institutions.
- **Functionality of DMCS2**—Continue our work to determine whether FSA accurately assessed the operating status of the DMCS2 functions that it indicated to be fully or partially functioning, including workaround procedures, as of FSA’s plan for the DMCS2 implementation.

### **Goal 3: Protect the integrity of the Department’s programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse.**

The continuing and planned work under Goals 1, 2, and 4 contributes to the OIG’s work under this goal. Through our audit and investigative work, proactive data analytics, and other reviews, we assess fraud risk, evaluate fraud indicators, and perform testing designed to detect fraud, waste, and abuse. Our investigations, audit, inspections, computer analysis, and computer forensics staff work together to help identify weaknesses in internal controls that could leave the Department’s programs or operations vulnerable to these risks. This interdisciplinary work can result in criminal and civil investigations of fraud in the Department’s programs and operations. For FY 2016, the following priority projects in particular will evaluate potential risks and vulnerabilities to fraud, waste, and abuse in Department programs.

#### **New Priority Work**

- **Implementation of Grant Reform at Selected SEAs and LEAs**—Determine whether States and districts have successfully implemented the Office and Management and Budget’s (OMB) “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” particularly for revised or new requirements.
- **Followup on Previous Title I Audits**—Determine the extent to which school districts with significant Title I program findings from prior OIG audits completed planned corrective action and whether their corrective actions resulted in significant improvements in their systems of internal control.
- **Puerto Rico Department of Education’s Progress Towards Correcting Deficiencies in Grant Management and Accountability**—Determine the Puerto Rico Department of Education’s effectiveness in improving its systems of control and processes to successfully (1) meet the terms the Department required in applicable special conditions, and (2) correct deficiencies identified in single audits to avoid repeat findings.

- **Review of Selected Department Principal Offices' Contract Monitoring**—Determine whether selected principal offices have adequate policies and procedures over non-FSA contracts to ensure the timeliness and adequacy of contract deliverables before payment is made and that invoiced costs were reasonable, allowable, and allocable prior to vendor payment.

## Continuing Work

- **Calculating and Reporting Graduation Rates**—Continue our work to determine whether selected SEAs have implemented systems of internal control over calculating and reporting graduation rates that are sufficient to ensure that reported graduation rates are accurate and reliable.
- **Puerto Rico Department of Education's Use of Adult Education State Grant Program Funds and the Reliability of the Program's Performance Data**—Continue our work to determine whether the Puerto Rico Department of Education ensured that it used Adult Education program funds in accordance with applicable Federal and State laws and regulations; awarded subgrants competitively to eligible local service providers in accordance with applicable Federal and State laws and regulations; and submitted accurate, complete, and reliable performance data to the Department.
- **Race To The Top Recipient Performance**—Continue our work to determine whether selected recipients accurately and completely reported grant performance data to the Department, ensured that it and participating LEAs will be able to deliver and sustain the results described in its grant application after they have spent all Federal funds, and spent grant funds only on allowable activities in accordance with program requirements and the approved application.

We issued reports to the Ohio Department of Education in September 2014 (A05N0009) and to the North Carolina Department of Public Instruction in July 2015 (A05O0005). Our ongoing work is related to the Tennessee Department of Education, which is the final audit under this project.

- **SEA and Department Oversight of Agreements Between Charter Schools and Charter Management Organizations or Educational Management Organizations**—Continue to assess the current and emerging risk that charter school relationships with charter management organizations pose to the Office of Elementary and Secondary Education, Office of Special Education and Rehabilitative Services, and Office of Innovation and Improvement program objectives and evaluate the effectiveness of those offices' internal controls to mitigate the risk.
- **Idaho State Department of Education's Oversight Over Online Charter Schools**—Continue our work to determine whether Idaho and the two online charter schools we selected for review had adequate oversight to ensure that students received intended services in accordance with Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended; students received services in accordance with Part B of Individuals with Disabilities Act, as amended; and schools hired highly qualified teachers in accordance with applicable program requirements.

- **State and District Monitoring of School Turnaround Contractors**—Continue our work to determine the adequacy of State and district monitoring of school turnaround contractors.
- **Protection of Student Data in State Longitudinal Data Systems**—Continue our work to assess the adequacy of the Department’s grants requirements and monitoring of States to ensure the Department has internal controls to prevent, detect, and report unauthorized access and disclosure of student data in the State Longitudinal Data Systems.

In addition to the work to assess the Department’s oversight, this project includes work at three States to determine whether they have internal controls to prevent, detect, report, and respond to unauthorized access and disclosure of student data in their Longitudinal Data Systems. Our work in Virginia and Oregon is ongoing. We anticipate beginning work at a third State during FY 2016.

- **Data Analytic Processes**—Continue to further develop intuitive and interactive data analytic and risk model systems to identify adverse trends and possible fraud, waste, and abuse in Department programs or operations. For example, we have established data analytic processes to detect electronic fraud activities such as student aid fraud rings and identity theft within the Federal student aid arena. We have also developed a tool that assesses overall risk for local school districts based on weighted scores.
- **Hotline Operations**—OIG’s Hotline continues to provide a means for anyone suspecting fraud, waste, or abuse involving Department funds or programs to provide their concerns to the OIG. We evaluate complaints or concerns received through the Hotline and may refer them for OIG investigation, audit, or other review, or refer them to other offices or agencies as appropriate. The Hotline can be contacted through the OIG Web site, telephone, or regular U.S. mail delivery.
- **Fraud Awareness Presentations**—Continue to conduct awareness presentations to entities or people who award, disburse, or receive Federal education dollars, including Department employees, contractors, grant recipients, and school officials. The presentations highlight common fraud schemes and indicators, serving to educate people on specific vulnerabilities within the programs, contracts, and grants they oversee. The awareness presentations also enhance the OIG’s ability to generate referrals, as well as the Department’s overall ability to prevent and detect fraud.

## Goal 4: Contribute to improvements in Department business operations.

In addition to the Department's administration of its programs, effective and efficient business operations are critical to ensure the Department has the tools and other resources to effectively manage its programs and protect its assets. Our audit and inspection work will look at improper payments, information technology security, financial management, and other areas. Our investigations work will cover allegations of serious fraud or misconduct by Department officials and contractors, as well as technology-related crimes. Priority work planned in this area, as well as statutory reviews for FY 2016, include the following.

### New Priority Work

- **The FSA Ombudsman Group's Processes to Handle Borrower Complaints**—Determine whether the FSA Ombudsman Group resolves borrower contacts appropriately and timely. We will also determine whether the FSA ombudsman has an effective process to collect and analyze complaint types to identify systemic issues or trends that may warrant regulatory or other actions to reduce the incidence of such issues.
- **Review of the Family Policy Compliance Office's Administration of the Family Educational Rights and Privacy Act and the Protection of Pupil Rights Amendment**—Determine whether the Family Policy Compliance Office is appropriately (1) processing and resolving complaints alleging violations of the Family Educational Rights and Privacy Act; (2) processing and resolving complaints alleging violations of the Protection of Pupil Rights Amendment; and (3) ensuring compliance with the Family Educational Rights and Privacy Act and the Protection of Pupil Rights Amendment through reviews, technical assistance, and regulatory guidance.
- **The Effectiveness of FSA's Enterprise Risk Management Program**—Evaluate the effectiveness of FSA's Enterprise Risk Management Program.

### Annual Work Required by Statute

- **Annual Compliance Review of the Department's Compliance With Improper Payment Reporting Requirements**—Determine whether the Department complied with the Improper Payments Elimination and Recovery Act of 2010, evaluate the accuracy and completeness of the Department's reporting of improper payment data, and evaluate the Department's performance in reducing and recapturing improper payments.

Also for any of the Department's programs designated as high-priority: (1) assess the level of risk associated with the high-priority programs and the quality of the improper payment estimates and methodology; (2) determine the extent of oversight warranted; and (3) provide the agency head with recommendations, if any, for modifying the agency's methodology, promoting continued program access and participation, or maintaining adequate internal controls.



- **FY 2016 Federal Information Security Management Act Report**—Determine whether the Department’s and FSA’s overall information technology security programs and practices are generally effective as they relate to Federal information security requirements.
- **FY 2016 Department-wide Financial Statement Audit**—Provide oversight and monitoring of the independent public accounting firm contracted to report on whether the Department-wide basic financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles. Report material weaknesses and significant deficiencies in the Department’s internal controls over financial reporting. Report on whether the Department complied with applicable provisions of Federal laws, regulations, contracts, and grant agreements that could have a direct and material effect on the basic financial statements.
- **FY 2016 FSA Financial Statement Audit**—Provide oversight and monitoring of the independent public accounting firm contracted to provide an opinion on whether the FSA financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles. Report material weaknesses and significant deficiencies in FSA’s internal control over financial reporting. Report on whether FSA complied with applicable provisions of Federal laws, regulations, contracts, and grant agreements that could have a direct and material effect on the basic financial statements.
- **FY 2016 Closing Package Financial Statement Audit**—Provide oversight and monitoring of the independent public accounting firm contracted to report on whether the closing package financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles.
- **Department’s Purchase Card Program**—Perform the required risk assessment of the Department’s purchase card program, and if deemed necessary, perform an audit of the Department’s purchase card transactions in accordance with the requirements in the Government Charge Card Abuse Prevention Act of 2012.
- **Review of the Department’s Accounting for Drug Control Funds and Related Performance**—In accordance with statutory requirements, express a conclusion about the reliability of the Department’s management assertions related to the National Drug Control Program activities.
- **Digital Accountability and Transparency Act of 2014**—Determine the sufficiency of plans and actions taken to timely comply with the Digital Accountability and Transparency Act.
- **Oversight of Non-Federal Auditors**—Under the IG Act, the OIG is responsible for oversight of non-Federal auditors. To this end, the OIG develops and issues guidance and provides technical assistance to non-Federal auditors. The OIG also conducts quality reviews of single and

compliance audits by non-Federal auditors to determine whether they performed those audits according to appropriate audit standards and applicable audit guidance.

## **Continuing Work**

- **FY 2015 Federal Information Security Management Act Report**—Continue our work to determine whether the Department’s and FSA’s overall information technology security programs and practices were generally effective as they relate to Federal information security requirements.
- **FY 2015 Department-wide Financial Statement Audit**—Continue to provide oversight and monitoring of the independent public accounting firm contracted to report on whether the Department-wide basic financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles. Report material weaknesses and significant deficiencies in the Department’s internal controls over financial reporting. Report on whether the Department complied with applicable provisions of Federal laws, regulations, contracts, and grant agreements that could have a direct and material effect on the basic financial statements.
- **FY 2015 FSA Financial Statement Audit**—Continue to provide oversight and monitoring of the independent public accounting firm contracted to provide an opinion on whether the FSA financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles. Report material weaknesses and significant deficiencies in FSA’s internal control over financial reporting. Report on whether FSA complied with applicable provisions of Federal laws, regulations, contracts, and grant agreements that could have a direct and material effect on the basic financial statements.
- **FY 2015 Closing Package Financial Statement Audit**—Continue to provide oversight and monitoring of the independent public accounting firm contracted to report on whether the closing package financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles.
- **Review of the Department’s Contractor Personnel Security Clearance Process**—Continue our work to determine whether the Department has effectively implemented the requirements for contractor personnel security screenings.
- **FSA Oversight of the Development and Enhancement of Information Technology Products**—Continue our work to determine whether FSA’s oversight of information technology projects ensures that FSA appropriately implemented its Lifecycle Management Methodology.
- **Evaluation of FSA’s Policies and Procedures for Oversight and Monitoring in the Contracting Process**—Continue our work to determine whether FSA management effectively addressed weaknesses identified in internal and external reviews of its acquisition function.

- **Review of the Department’s External Audit Followup Process**—Continue our work to evaluate the effectiveness of the Department’s process to ensure that external auditees implement corrective actions. We issued a report to FSA in June 2015 (A19P0001), a report to the Office of Special Education and Rehabilitative Services in September 2015 (A19P0003), and a report to the Office of the Chief Financial Officer in September 2015 (A19P0004). Our work continues in the Office of Elementary and Secondary Education.
- **Management Certifications of Data Reliability**—Continue our work to determine what actions the Department has taken, including the use of management certifications, to ensure the accuracy and reliability of select K–12 data the Department includes in its Annual Performance Report and other select K–12 data from the Office of Elementary and Secondary Education.
- **Resolution of Discrimination Complaints by the Department’s Office for Civil Rights**—Continue our work to determine whether the Office for Civil Rights timely and efficiently resolved discrimination complaints and effectively implemented applicable policies and procedures to resolve discrimination complaints.

## Other Activities

The IG Act also states that the OIG is responsible for reviewing existing and proposed legislation and regulations related to the programs and operations of the Department. The OIG accomplishes this in several ways, as follows.

- Review and comment on draft legislation, regulations, comments to the Department on its proposed policies, procedures, and guidance; observe negotiated rulemaking sessions; and participate in an advisory capacity on Departmental policy groups.
- Review and comment on pending legislation or regulations of other agencies that affect the Department, its recipients, or entities participating in Department programs.
- Provide recommendations to Congress for consideration during the reauthorization process for Department programs.
- Review and provide comments to OMB on proposed regulations, including participation on OMB workgroups to draft and revise regulations.

The OIG also performs a number of other activities related to its obligation to keep Congress informed about any problems or deficiencies with the Department’s administration of its programs and operations, including participation in cross-agency groups, as follows.

- Respond to congressional requests for information or analysis.
- Participate as a member of the Council of the Inspectors General on Integrity and Efficiency, including the committees for Audit, Investigation, and Information Technology. Also participate in interagency workgroups sponsored by the council, including the Federal Audit Executive Council, the Assistant Inspectors General for Investigations Committee, and the Council of Counsels to the Inspectors General.
- Participate as a member of the Government Accountability Office's Domestic Working Group. This brings together leaders in Federal, State, and local government audit communities to discuss current and emerging issues critical to improving the government and to promote collaborative efforts to approach these issues.

# Table 1. FY 2016 Work Plan and FY 2016 Management Challenges

This table includes both planned and ongoing projects presented in the FY 2016 Work Plan projects under the FY 2016 Management Challenges. Ongoing work is indicated with an asterisk.

Management Challenge	Related FY 2016 Work Plan Project
Improper Payments	<ul style="list-style-type: none"> <li>• Annual Compliance Review of the Department’s Compliance with Improper Payment Reporting Requirements</li> <li>• Department’s Purchase Card Program</li> </ul>
Information Technology Security	<ul style="list-style-type: none"> <li>• FY 2016 Federal Information Security Management Act Report</li> <li>• Protection of Student Data in State Longitudinal Data Systems*               <ul style="list-style-type: none"> <li>• Protection of Student Data in the Virginia Longitudinal Data System*</li> <li>• Protection of Student Data in the Oregon Longitudinal Data System*</li> </ul> </li> <li>• FY 2015 Federal Information Security Management Act Report*</li> </ul>
Oversight and Monitoring	<ul style="list-style-type: none"> <li>• Implementation of Grant Reform at Selected SEAs and LEAs</li> <li>• Followup on Previous Title I Audits</li> <li>• Department Oversight of the Indian Education Formula Grants to LEAs Program</li> <li>• Department Coordination and Oversight of Educational Services for Homeless Children and Youth</li> <li>• Puerto Rico Department of Education’s Progress Towards Correcting Deficiencies in Grant Management and Accountability</li> <li>• Review of Selected Department Principal Offices’ Contract Monitoring</li> <li>• FSA’s Oversight of Schools Submitting Untimely Disbursement Records</li> <li>• Due Diligence in Servicing Department Loans</li> <li>• FSA’s Process to Select FAFSA Data Elements and Students for Verification</li> <li>• FSA’s Evaluation and Oversight of School’s Participation in the Experimental Sites Initiative</li> </ul>

Management Challenge	Related FY 2016 Work Plan Project
<p>Oversight and Monitoring (continued)</p>	<ul style="list-style-type: none"> <li>• Lessons Learned from Corinthian Colleges, Inc., and Department Oversight of At-Risk Proprietary Schools</li> <li>• FSA’s Oversight and Monitoring of Nelnet’s Total and Permanent Disability Loan Discharge Process</li> <li>• The FSA Ombudsman Group’s Process to Handle Borrower Complaints</li> <li>• Review of the Family Policy Compliance Office’s Administration of the Family Educational Rights and Privacy Act and the Protection of Pupil Rights Amendment</li> <li>• The Effectiveness of FSA’s Enterprise Risk Management Program</li> <li>• Department’s Accounting for Drug Control Funds and Related Performance</li> <li>• Oversight of Non-Federal Auditors</li> <li>• SEA Verification of Single Audit Finding Resolution* <ul style="list-style-type: none"> <li>• North Carolina Department of Public Instruction’s Oversight of LEA Single Audit Resolution*</li> <li>• Illinois State Board of Education’s Oversight of LEA Single Audit Resolution*</li> <li>• Massachusetts Department of Elementary and Secondary Education’s Oversight of LEA Single Audit Resolution*</li> </ul> </li> <li>• The Department’s Oversight of the Rural Education Achievement Program*</li> <li>• Western Governors University’s Administration of the Title IV Programs*</li> <li>• Department’s Oversight of Misrepresentation Regulations*</li> <li>• Evaluation of FSA’s Policies and Procedures for Oversight and Monitoring in the Contracting Process*</li> <li>• Review of the Department’s Contractor Personnel Security Clearance Process*</li> <li>• The Department’s and Selected States’ Oversight of Career and Technical Education Programs*</li> <li>• Puerto Rico Department of Education’s Use of Adult Education State Grant Program Funds and the Reliability of the Program’s Performance Data*</li> </ul>

Management Challenge	Related FY 2016 Work Plan Project
Oversight and Monitoring (continued)	<ul style="list-style-type: none"> <li>• Accrediting Agencies’ Evaluation of Direct Assessment Programs* <ul style="list-style-type: none"> <li>• The Western Association of Schools and Colleges, Senior College and University Commission’s Evaluation of Competency-Based Programs to Ensure Programs Are Properly Classified for Title IV Purposes*</li> </ul> </li> <li>• State/District Monitoring of School Turnaround Contractors*</li> <li>• Review of the Department’s External Audit Followup Process* <ul style="list-style-type: none"> <li>• Followup Process for External Audits in the Office of Elementary and Secondary Education</li> </ul> </li> <li>• Oversight of Closed Charter Schools*</li> <li>• SEA and Department Oversight of Agreements Between Charter Schools and Charter Management Organizations or Educational Management Organizations*</li> <li>• RTT Recipient Performance* <ul style="list-style-type: none"> <li>• Tennessee Department of Education’s Administration of its Race to the Top Grant*</li> </ul> </li> <li>• Idaho State Department of Education’s Oversight Over Online Charter Schools *</li> <li>• Resolution of Discrimination Complaints by the Department’s Office for Civil Rights*</li> </ul>
Data Quality and Reporting	<ul style="list-style-type: none"> <li>• Department Disclosures to Policymakers Regarding the Cost of the Federal Student Loan Programs and Repayment Options</li> <li>• Digital Accountability and Transparency Act of 2014</li> <li>• FY 2016 Department-Wide Financial Statement Audit</li> <li>• FY 2016 FSA Financial Statement Audit</li> <li>• FY 2016 Closing Package Financial Statement Audit</li> <li>• Calculating and Reporting Graduation Rates*</li> <li>• Management Certifications of Data Reliability*</li> <li>• Compliance, Measurements, and Outcomes of the Vocational Rehabilitation State Grant Program* <ul style="list-style-type: none"> <li>• Opportunities for Ohioans with Disabilities Case Service Report Data Quality</li> </ul> </li> </ul>

Management Challenge	Related FY 2016 Work Plan Project
Data Quality and Reporting (continued)	<ul style="list-style-type: none"> <li>• Pennsylvania Office of Vocational Rehabilitation Case Service Report Data Quality</li> <li>• California Department of Rehabilitation Case Service Report Data Quality</li> <li>• FY 2015 Department-wide Financial Statement Audit*</li> <li>• FY 2015 FSA Financial Statement Audit*</li> <li>• FY 2015 Special Purpose Financial Statement Audit*</li> </ul>
Information Technology System Development and Implementation	<ul style="list-style-type: none"> <li>• FSA's Oversight of the Development and Enhancement of Information Technology Products*</li> <li>• Functionality of the Debt Management and Collection System*</li> </ul>



## Table 2. FY 2016 Performance Measures

Performance Measure	FY 2016 Target
1. Audits and investigations initiated each year focused on areas of high risk or significant importance.	AS/ITACCI (Audit) 85% IS/ITACCI (Inv) 80%
2. Recommendations accepted by the Department during the fiscal year.	90%
3. Audit initial results determined by the agreed-upon date.	80%
4. Audit field work completed and draft report submitted for review by the agreed-upon date.	75%
5. Draft and final audit reports issued by the agreed-upon date.	70%
6. Draft audit report issued within one year from entrance conference.	60%
7. Agreed-upon milestones for information technology audits met.	75%
8. Case closing Reports of Investigation submitted within 150 days of last reportable investigative action.	70%
9. Complaints of fraud, waste, and abuse evaluated and closed to a final disposition within 120 days.	75%
10. Closed investigations that resulted in a criminal, civil or administrative action, or monetary result.	IS 74% ITACCI 65%
11. Hotline controlled correspondence processed within the established deadlines.	95%
12. Requests for forensic or analytical assistance completed within established timeframes.	75%
13. Develop proactive analytical projects within projected timeframes as measured from start to completion dates.	85%
14. Computer-assisted assessment technology products delivered to the requestor within agreed-upon dates.	90%
15. Close OIG Data Analytics System open Plan of Actions and Milestones within 30 days of the original estimated closure date.	90%

Performance Measure (continued)	FY 2016 Target (continued)
16. Comments that result in changes in legislation, regulations, or other policies.	70%
17. Counsel work products meeting required or agreed-upon deadlines.	85%
18. Freedom of Information Act responses meeting required deadlines.	90%
19. Quality assurance review and internal control review recommendations accepted by the OIG.	85%
20. Products related to budget and other administrative operations developed, executed, and delivered to the Office of Management and Budget, Department, OIG leadership, and other applicable stakeholders within agreed-upon timeframes.	80%
21. Operational staff completed at least one work-related training.	80%

## Table 3. FY 2015 Performance Results

Performance Measure	FY 2015 Target	FY 2015 Actual
1. Audits, inspections, and investigations initiated each year focused on areas of high risk or significant importance.	AS/ITACCI (Audit) 85% IS/ITACCI (Inv) 80%	100% 93%
2. Recommendations accepted by the Department during the fiscal year.	90%	99%
3. Audit initial results determined by the agreed-upon date.	80%	95%
4. Audit field work completed and draft report submitted for review by the agreed-upon date.	75%	100%
5. Draft and final audit reports issued by the agreed-upon date.	70%	97%
6. Draft audit report issued within one year from entrance conference.	60%	69%
7. Agreed-upon milestones for inspections and information technology audits met.	75%	100%
8. Case closing Reports of Investigations submitted within 150 days of last reportable investigative action.	70%	81%
9. Complaints of fraud, waste, and abuse evaluated and closed with a final disposition within 120 days.	75%	80%
10. Closed investigations that resulted in a criminal, civil, or administrative action, or monetary result.	IS 74% ITACCI 65%	80% 56%
11. Hotline controlled correspondence processed within the established deadlines.	95%	100%
12. Requests for forensic or analytical assistance completed within established timeframes.	75%	91%

<b>Performance Measure (continued)</b>	<b>FY 2015 Target (continued)</b>	<b>FY 2015 Actual (continued)</b>
13. Develop proactive analytical projects within projected timeframes as measured from start to completion dates.	85%	100%
14. Computer-assisted assessment technology products delivered to the requestor within agreed-upon dates.	90%	100%
15. OIG Data Analytics Systems are operational during normal work hours.	95%	99%
16. Comments that resulted in changes in legislation, regulations, or other policies.	70%	70%
17. Counsel work products meeting required or agreed-upon deadlines.	85%	96%
18. Freedom of Information Act responses meeting required deadlines.	95%	90%
19. Quality assurance review and internal control review recommendations accepted by the OIG.	85%	100%
20. Products related to budget and other administrative operations developed, executed, and delivered to the Office of Management and Budget, Department, OIG leadership, and other applicable stakeholders within agreed-upon timeframes.	80%	87%
21. Operational staff completed at least one work-related training.	70%	95%

# Appendix A. Abbreviations and Acronyms Used in This Report

AS	Audit Services
Department	U.S. Department of Education
DMCS2	Debt Management and Collection System 2
FSA	Federal Student Aid
FY	Fiscal Year
IG Act	Inspector General Act of 1978, as Amended
IS	Investigation Services
ITACCI	Information Technology Audits and Computer Crime Investigations
LEA	Local Educational Agency
OIG	Office of Inspector General
SEA	State Educational Agency







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://www2.ed.gov/about/offices/list/oig/hotline.html>

We encourage you to use the automated complaint form on our Web site; however, you may call or write the Office of Inspector General.

Call Toll-Free:  
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

Your report may be made anonymously.

The mission of the Office of Inspector General is to promote the efficiency, effectiveness, and integrity of the U.S. Department of Education's programs and operations.

<http://www2.ed.gov/oig>

