



Semiannual Report to Congress, No. 88

October 1, 2023 – March 30, 2024

U.S. Department of Education
Office of Inspector General

Office of Inspector General

Sandra D. Bruce
Inspector General

May 2024

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Message from Sandra D. Bruce

Inspector General

On behalf of the employees of the U.S. Department of Education (Department) Office of Inspector General (OIG), I present this Semiannual Report on the activities and accomplishments of this office from October 1, 2023, through March 31, 2024. The audits, investigations, and related work highlighted in the report are products of our mission to identify and stop fraud, waste, and abuse and promote accountability, efficiency, and effectiveness through our oversight of the Department's programs and operations.

During this reporting period, my office completed work covering a number of Department activities and programs, including those involving pandemic relief aid, disaster recovery funds, Federal student aid, K-12 and special education programs and operations, and our statutory oversight of the audits of the Department's and Federal Student Aid's (FSA) financial statements. We also continued our work to identify and stop fraud, waste, abuse, and other criminal activity involving the Department funds, programs, and operations. This included continued outreach efforts to help everyone—from school officials and employees to students and families—identify and report education-related fraud to the OIG.

In our audit-related work, our reports identified approximately \$2.5 million in questioned and unsupported costs, and offered recommendations aimed at improving Department programs and operations. Examples of this audit-related work are highlighted below.

► **For the second year in a row, an independent certified public accounting firm, performing work under OIG oversight, reported disclaimers of opinion on the FY 2023 consolidated financial statements (balance sheets and related notes) for both the Department and Federal Student Aid (FSA). The auditors were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion because of unresolved errors in the underlying data used by management to calculate subsidy re-estimates for the direct loan and loan guaranty programs. The auditors also reported a material weakness in controls over the relevance and reliability of underlying data used to calculate subsidy re-estimates. In addition, the auditors identified two significant deficiencies, involving information technology controls and the entity level control environment, and for the Department audit, the auditors identified two**



instances of reportable noncompliance and other matters.

► **Our audit of the Puerto Rico Department of Education’s (Puerto Rico DOE) use of Immediate Aid to Restart School Operations (Restart) program funds found that it did not always use the funds for allowable and intended purposes.** Specifically, of the approximately \$8.6 million in indirect costs that the Puerto Rico DOE charged to its Restart program grant during our audit period, \$2.5 million of it was not allowable.

► **We issued two reports in our audit series** examining selected State educational agencies’ (SEA) oversight of local educational agencies’ (LEA) American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) plans and spending.

- We determined that the Kentucky Department of Education had adequate processes to ensure that LEA ARP ESSER plans met applicable requirements. However, its process for reviewing LEA ARP ESSER reimbursement requests should be documented and could be strengthened to provide additional assurance that LEAs use ARP ESSER funds for allowable purposes.
- We found that the Illinois Department of Education (Illinois) generally had adequate processes to ensure that LEA ARP ESSER plans met applicable requirements. However, it did not communicate accurate guidance to LEAs regarding when to submit their ARP ESSER plans according to Department guidance. As a result, 54 percent of LEAs did not submit their ARP ESSER plans within a reasonable timeframe, and six LEAs still had not submitted their ARP ESSER grant application and plan to Illinois more than 2.5 years after they received their ARP ESSER allocations.

► **We issued the first report in our audit series** that seeks to determine whether selected SEAs implemented selected components of their statewide accountability system in accordance with their approved State plan and any approved amendments. In this first audit, we found that the Mississippi Department of Education (MDE) generally implemented the long-term goals, indicators, annual meaningful differentiation, and identification of low-performing schools components of its statewide accountability system in accordance with Mississippi’s approved State plan and amendment. However, among our findings, we determined that MDE’s implementation of several aspects of the accountability system deviated from the plan. In several cases, the changes warranted the Department’s review and approval; however, MDE implemented the changes to its accountability system without (1) submitting amendments to the Department or (2) waiting for the Department to approve the amendments.

In addition to issuing audit-related reports, we completed 49 quality control and desk reviews of required audits submitted by recipients of Department funding. More on this work may be found beginning on page 36 of this report.

In our investigative work, we closed 28 investigations involving fraud or corruption and secured more than \$63.2 million in restitution, settlements, fines, savings, recoveries, and forfeitures. 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.

► **Four people, including the founder and officials of online charter schools in Indiana, were charged for their alleged roles in a \$44 million enrollment fraud scheme.** The four allegedly inflated the schools’ enrollment numbers in order to receive more funding from

the State. As a result, the schools allegedly received more than \$44 million, millions of which the defendants allegedly directed to fraudulent for-profit companies controlled by the founder, which were then funneled to the co-conspirators and others.

► **The former Senior Director of Fiscal Services** for the Magnolia School District in California pled guilty to embezzling nearly \$16 million from the district over several years. The former official made unauthorized payments to himself with district funds that were deposited into his personal bank account and spent on items such as a million-dollar home, an expensive car, luxury items, and cosmetic procedures.

► **A nurse practitioner in New York** pled guilty to operating a \$10.5 million Total and Permanent Disability discharge fraud scheme. She deceived more than 100 borrowers into believing they qualified for various forms of student loan relief and charged them fees—often between 10 and 20 percent of the loan amount—to facilitate their loan discharges.

► **The former Director of the Perkins Project and Career and Technical Education (CTE) Coordinator** at Albuquerque Public Schools (APS), who once served in the New Mexico State Legislature, and her close personal friend, an APS vendor, were charged for their alleged roles in a \$1.1 million fraud scheme. The former official allegedly used her position at APS to direct approximately 40 percent of APS’s non-personnel CTE funding to a company owned and operated by her close personal friend, which the former official allegedly used for her personal benefit.

► **A former employee of Florida’s Silver River Mentoring and Instruction** pled guilty to fraud involving more than \$616,700. From 2016 through 2023, the employee handled the payroll at the school where she gave herself 137 unauthorized paychecks by logging false information into the school’s accounting

software and received her paychecks through wire transfers.

Further, during this reporting period we issued a public service announcement to alert the public to student-loan related scams. The announcement encourages student loan borrowers to stay alert and avoid falling victim to student loan forgiveness and debt relief scams and provides actions they can take to protect themselves. We also issued our first ED OIG FraudGram—our newsletter providing the public with fast facts on Federal education-related schemes and scams and tips to avoid them, the latest on OIG’s criminal and civil investigations, and what the public can do to help identify and report fraud, waste, and abuse involving ED funding, programs, and operations to the OIG.

Our Semiannual Report also contains information on other efforts the OIG completed during this reporting period, including summary tables containing statistical and other data as required by 5 U.S.C. Part 1, Chapter 4 (formerly known as the Inspector General Act of 1978) and other statutes.

In closing, I look forward to continuing to work with this outstanding OIG team, the Department, members of Congress, and my colleagues in the inspector general community to provide our nation’s taxpayers with assurance that the Federal government is using their hard-earned money effectively and efficiently.



Sandra D. Bruce
Inspector General



Summary of Results

Investigative Accomplishments

<p style="font-size: 2em; font-weight: bold; text-align: center;">21/28</p> <hr style="border: 0; border-top: 1px dashed white; margin: 5px 0;"/> <p style="text-align: center;">Investigative Cases Open / Closed</p>	<p style="font-size: 2em; font-weight: bold; text-align: center;">19/21</p> <hr style="border: 0; border-top: 1px dashed white; margin: 5px 0;"/> <p style="text-align: center;">Convictions / Indictments</p>	<p style="font-size: 2em; font-weight: bold; text-align: center;">\$61.4m</p> <hr style="border: 0; border-top: 1px dashed white; margin: 5px 0;"/> <p style="text-align: center;">Financial impact of ED OIG investigations</p>
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Audit-Related Accomplishments

<p style="font-size: 2em; font-weight: bold; text-align: center;">11</p> <hr style="border: 0; border-top: 1px dashed white; margin: 5px 0;"/> <p style="text-align: center;">Audit-Related Reports Issued</p>	<p style="font-size: 2em; font-weight: bold; text-align: center;">73</p> <hr style="border: 0; border-top: 1px dashed white; margin: 5px 0;"/> <p style="text-align: center;">Recommendations</p>	<p style="font-size: 2em; font-weight: bold; text-align: center;">\$2.5m</p> <hr style="border: 0; border-top: 1px dashed white; margin: 5px 0;"/> <p style="text-align: center;">Financial impact of ED OIG audit reports</p>
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Audit-related reports issued, by component

FSA	4
OESE*	4
OFO*	3

*OESE and OFO are both audited components in one audit report

Recommendations Where Corrective Actions Have Not Yet Been Completed

Reports	24
Recommendations	55
Potential Cost Savings	\$23.8m



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Pandemic Relief Aid Oversight

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

Three measures were signed into law providing the Department with more than \$280 billion 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 pandemic—the Coronavirus Aid, Relief, and Economic Security Act or CARES Act (March 2020), the Consolidated Appropriations Act, 2021 Coronavirus Response and Relief Supplemental Appropriations Act or Coronavirus Supplemental Appropriations (December 2020), and the American Rescue Plan (March 2021). Since 2020, the OIG has been conducting audits and reviews of programs, grants, requirements, and flexibilities established under these laws. This work has been highlighted in our [Semiannual Reports to Congress](#) and on our [pandemic oversight webpage](#), with our planned work noted in our [Pandemic Relief Oversight Plan](#) and in our [annual work plans](#). During this reporting period, we issued three reports specific to pandemic relief aid. A summary of the reports follows.

The U.S. Department of Education’s Higher Education Emergency Relief Fund Audit Resolution Activities

The goal of audit and related work is not simply to identify and tally problems, but to recommend improvements and promote corrective action based on those recommendations. That is what audit resolution is all about. It is an important activity to help the Department improve the management and performance of its programs and operations. During this reporting period, we issued a report on the Department’s audit resolution activities covering Higher Education Emergency Relief Fund (HEERF) grant findings from independent audits of recipients. The Department relied on annual independent audits of public, private non-profit, and proprietary institutions of higher education (IHEs) as a primary component of its oversight of the more than \$76 billion in HEERF grants that it awarded to more than 4,900 IHEs. Although a Department office is generally responsible for audit resolution activities for the grant programs that office administers, in 2020, Department management determined that the Office of Finance and Operations’ (OFO) Office of Acquisition, Grants, and Risk Management, Grants Risk Management Services Division (GRMSD) would be responsible for resolving independent audits of HEERF recipients. The rationale at the time was that GRMSD had performed a similar role in resolving independent audits of other emergency programs authorized under the American Recovery and Reinvestment Act of 2009.

After conducting a number of activities, including compiling and summarizing available information on single and proprietary school audits with HEERF findings, the status of HEERF audit resolution activities, and audit resolution staffing levels from April 2020 through June 2023, we determined that the number of independent audits with findings pertaining to HEERF and requiring resolution by GRMSD increased significantly over the past few years, as did the number of audits with complex findings as determined by GRMSD. However, the number of GRMSD staff assigned to audit resolution activities remained relatively constant

during this same period—resulting in a more than fourfold increase in the number of audits assigned for resolution per person. OFO management stated that GRMSD’s staffing capacity was established to provide audit resolution services for the anticipated volume of HEERF audits it assessed early in the performance period, but that the volume and complexity of the audits has increased significantly over time. As a result, GRMSD was facing a significant backlog of outstanding HEERF audits requiring resolution. Without immediate action, the timeliness and effectiveness of the resolution of HEERF audit findings could be reduced.

Based on our finding, we recommended that the Department (1) assess GRMSD’s future workload based on the anticipated volume and complexity of independent audits with potential HEERF findings that are likely to be submitted through the end of the grant closeout period, coordinating with other Department offices as necessary for assistance and to obtain relevant data to inform this assessment and (2) evaluate whether the staffing level assigned to HEERF audit resolution activities is sufficient to support the timely and effective resolution of all outstanding and anticipated HEERF single and proprietary school audit findings, and if not, develop and implement a plan of action to address the issue. The Department concurred with our recommendations and noted that it had begun taking steps to address the finding. [HEERF Audit Resolution Report](#)

State Educational Agencies’ Oversight of Local Educational Agencies’ American Rescue Plan Elementary and Secondary School Emergency Relief Plans and Spending

During this reporting period we issued two reports in our series of audits on State educational agencies’ (SEA) oversight of local educational agencies’ (LEA) American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) plans and spending. The audits sought to determine whether selected SEAs had adequate oversight processes in place to ensure that (1) LEAs’ ARP ESSER plans met applicable requirements and (2) LEAs used ARP ESSER funds in accordance with applicable requirements and their approved ARP ESSER plans. ARP ESSER funds were geared to help SEAs and LEAs safely reopen and sustain the safe operation of schools and to address the impact of the coronavirus pandemic on students. Each SEA was required to submit a plan to the Department’s Office of Elementary and Secondary Education (OESE) for approval that explained how it would use ARP ESSER funds. SEAs were required to allocate not less than 90 percent of the SEA’s total ARP ESSER allocation to LEAs. LEAs receiving ARP ESSER funds were to develop and submit to the SEA a plan for their use of ARP ESSER funds, and meet requirements related thereto.

In our last [Semiannual Report](#), we highlighted the first audit completed in this series that involved the State of Washington’s Office of Superintendent of Public Instruction. During this reporting period, we completed two additional audits involving the Kentucky Department of Education (Kentucky) and the Illinois Department of Education (Illinois). You will find the results of these audits below.

Kentucky's Oversight of Local Educational Agency ARP ESSER Plans and Spending

Our audit found that Kentucky had adequate processes to ensure that LEA ARP ESSER plans met applicable requirements, and communicated clear, accurate, and timely guidance and technical assistance to LEAs regarding how and when to submit their ARP ESSER plans and what to include in those plans. Kentucky reviewed and approved the ARP ESSER plans for all 171 LEAs. We determined that the ARP ESSER plans for the two LEAs included in our audit, Warren County Public Schools (Warren County) and Jefferson County Public Schools (Jefferson County), met applicable requirements and that Kentucky was consistent in how it reviewed and approved the two plans. Kentucky also designed a process to annually review and approve updated LEA ARP ESSER plans that, if implemented properly, was adequate to ensure that updated plans meet applicable requirements. Our audit did, however, find that Kentucky's process for reviewing LEA ARP ESSER reimbursement requests should be documented and could be strengthened to provide additional assurance that LEAs use ARP ESSER funds for allowable purposes. Although Kentucky has been consistent in how it oversees LEAs' use of ARP ESSER funds, it did not request a listing of expenditures or review any supporting documentation from LEAs as part of its review of LEA reimbursement requests. Without supporting documentation to verify that the expenditures are allowable and properly accounted for, there is an increased risk that Kentucky will not identify or become aware of significant compliance issues involving the ARP ESSER program.

Additionally, Kentucky did not have written policies and procedures to guide personnel through the reimbursement process. Without documented processes for reviewing LEA reimbursement requests, Kentucky officials might not fully understand what is expected of them or what they should be reviewing. This could result in inconsistencies in how Kentucky personnel perform these reviews and missed opportunities to identify unallowable or questionable expenditures that should be analyzed more closely. We reviewed a total of 26 ARP ESSER expenditures for Warren County and Jefferson County (13 expenditures for each LEA) and identified issues at Warren County, where we identified 1 expenditure (\$9,200 for a golf cart) that was unallowable because it did not meet the overall purpose of the ARP ESSER program and 4 expenditures (equipment purchases totaling \$149,882) for which Warren County did not obtain prior written approval as required. Given the issues identified at Warren County and ARP ESSER's designation as a higher risk program, it is important for Kentucky to document and strengthen its processes for overseeing LEA ARP ESSER expenditures.

To address the issues identified, we recommended that Kentucky (1) design and document procedures to guide Kentucky personnel through the LEA reimbursement request process; (2) design and incorporate into its documented procedures for reviewing LEA reimbursement requests, protocols to sample LEA expenditures charged to ARP ESSER and review

supporting documentation to ensure that applicable Federal, State, and local requirements are met; and (3) implement its ARP ESSER monitoring policies and procedures, as designed, to provide additional assurance that LEAs use ARP ESSER funds in accordance with applicable requirements and their approved ARP ESSER plans. Kentucky officials neither agreed nor disagreed with the findings but agreed with or stated that it had already implemented most of our recommendations. [Kentucky ESSER Report](#)

Illinois' Oversight of Local Educational Agency ARP ESSER Plans and Spending

For this audit, we reviewed the summary results of Illinois' review of LEA ARP ESSER application and plan submissions to verify that Illinois approved the plans for 801 LEAs that had applied for and received ARP ESSER funds, and we also reviewed the ARP ESSER plans for 16 LEAs to determine whether they met applicable requirements. For 2 of the 16 LEAs, Chicago Public School District 299 (Chicago) and Waukegan Community Unit School District 60 (Waukegan), we reviewed additional information (such as ARP ESSER grant applications, plan approval documents, and related correspondence) to verify that Illinois followed its established ARP ESSER plan review and approval processes and was consistent in how it reviewed and approved the 2 plans.

We found that Illinois generally had adequate processes to ensure that LEA ARP ESSER plans met applicable requirements. However, it did not communicate accurate guidance to LEAs regarding when to submit their ARP ESSER plans according to Department guidance. As a result, 434 (54 percent) of 801 LEAs did not submit their ARP ESSER plans within a reasonable timeframe as provided for in Department guidance, with 1 LEA submitting its plan to Illinois more than 540 days after receiving its allocation. Further, six LEAs still had not submitted their ARP ESSER grant application and plan to Illinois as of January 11, 2024, more than 2.5 years after the LEAs received their ARP ESSER allocations. Thus, some LEAs may not have received critical ARP ESSER funds timely or early enough to adequately respond to the impacts of the coronavirus pandemic by addressing students' academic, social, emotional, and mental health needs, which was the purpose of the ARP ESSER program.

Our audit also found that Illinois' process for reviewing LEA ARP ESSER reimbursement requests could be strengthened in a key area to provide additional assurance that LEAs use ARP ESSER funds for allowable purposes, and although Illinois has been consistent in how it oversees LEAs' use of ARP ESSER funds, it does not request a listing of expenditures or review any supporting documentation from LEAs as part of its review of LEA reimbursement requests. Without supporting documentation to verify that the expenditures are allowable and properly accounted for, there is an increased risk that Illinois will not identify or become aware of significant compliance issues involving the ARP ESSER program.

We made two recommendations to address the issues identified, that Illinois (1) direct LEAs that have not yet applied but plan to apply for ARP ESSER funds to submit their ARP ESSER grant applications and plans to Illinois as soon as possible and (2) design and incorporate into its documented procedures for reviewing LEA reimbursement requests, protocols to sample LEA expenditures charged to ARP ESSER and review supporting documentation to ensure that applicable Federal, State, and local requirements are met. Illinois officials agreed with our findings and recommendations. [Illinois ESSER Report](#)



Investigative Outreach Efforts

Throughout this reporting period, the OIG continued to distribute fraud awareness materials designed to help stakeholders identify and report suspected fraud involving pandemic relief aid. This included a [digital booklet](#) and a [one-page flyer](#). The materials highlight what education-related coronavirus fraud could look like and provide information on free resources to help identify and report fraud to the OIG. The OIG's regional investigative staff also conducted outreach to stakeholders on identifying and reporting fraud and participated in 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.



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 inspectors general to the PRAC each representing their specific agency, including the U.S. Department of Education. Inspector General Sandra D. Bruce represents the OIG on the PRAC, chairs the PRAC’s subcommittee on Government Accountability Office (GAO), State and local oversight efforts, and is a member of the PRAC Financial Sector Oversight Workgroup.

During this reporting period, the PRAC’s GAO, State, and Local Subcommittee continued to hold listening post sessions—small discussion groups for those charged with providing oversight of coronavirus response and relief funds to discuss challenges, best practices, and to share information with State and local auditors, State treasurers, certified public accounting firms and tribal oversight entities, American Institute of Certified Public Accountants, GAO, other IGs, and the National Association of State Auditors, Comptrollers, and Treasurers. Sessions held recently include proposed revisions to the Office of Management and Budget (OMB) Guidance for Grants and Agreements, the OMB Compliance Supplement, and the new Federal Audit Clearinghouse, including how those issues impact the oversight community. These listening posts provide an open and safe discussion forum to facilitate collaboration and coordination of Federal, State, local, territorial, tribal, and Single Audit programs and other work. Perhaps best of all, they helped find solutions in real-time.

PRAC Select Case Studies Report—Phase II

The PRAC, in coordination with multiple agencies, conducted impact case studies at six different locations to identify the Federal pandemic response funds provided to the six locations, the purpose of those funds, and to determine if the Federal program spending generally aligned with the intended goals and objectives. The project was completed in two phases, and in our [last Semiannual Report](#), we highlighted the results of Phase 1, including information on funding and expenditure data for all six locations. During this reporting period, the PRAC issued Phase 2, an “insights” report, and location reports on selected recipients’ uses of funds and associated impacts under selected programs, including ESSER grants. Specifically, the PRAC looked at 22 programs and subprograms

and identified the following themes: (1) while communities appreciated Federal funding, new and changing program guidance or reporting requirements resulted in confusion and additional burdens; (2) pandemic response efforts centered around community leaders' deep understanding of their communities coupled with building and maintaining trust; (3) pre-existing challenges in the rural counties and on Tribal reservations may have made their pandemic response efforts more difficult; (4) the pandemic created several non-health-related challenges that community leaders had to address. Some of these challenges still remained more than 2 years into the pandemic; and (5) community experiences highlight considerations for emergency preparedness now and in the future. As noted in the report, the PRAC believes the themes identified in this work provide valuable insights to policymakers, program officials, and the American public as they assess the Federal government's response to the COVID-19 pandemic and prepare for the next major emergency. The PRAC plans to issue separate reports for each location that will focus on the specific programs and subprograms that provided funding in each locale. [PRAC Case Studies Report—Phase II](#)



Other Activities

Participation on Committees, Work Groups, and Task Forces

Pandemic Response Accountability Committee (PRAC)

Inspector General Sandra D. Bruce is a member of this Committee, established under the CARES Act. Inspector General Bruce is also leading the PRAC's subcommittee focused on GAO and State and local oversight efforts and is also a member of the Financial Sector Oversight Work Group. OIG Assistant Inspector General for Investigation Services Jason M. Williams also participates with the PRAC Identity Theft and Redress group and PRAC Fraud Task Force.

Coronavirus/COVID-19 Federal-State Task Forces

OIG criminal investigators continued to work with their Federal and State investigative and prosecutive partners to address pandemic relief aid fraud.



Disaster Recovery Oversight

In 2018 and 2019, Congress passed, and the President signed into law measures providing the Department with nearly \$2.9 billion to assist K–12 schools, school districts, and institutions of higher education in meeting the educational needs of students affected by the hurricanes and wildfires that ravaged several States and territories. Congress also provided funding to the OIG to carry out oversight activities, such as auditing Department and grantee management and spending of disaster recovery funds; examining the effectiveness of recovery programs; and investigating misuse, theft, and other criminal activity involving these funds.

Puerto Rico Department of Education's Use of Immediate Aid to Restart School Operations Program Funds

In January, we issued another in our series of reports involving Immediate Aid to Restart School Operations (Restart) program funds. Restart funds assist LEAs and nonpublic schools with expenses related to restarting schools in areas affected by disasters. Recipients must use these funds to assist school administrators and personnel in restarting school operations, reopening schools, and reenrolling students. The objective of this audit was to determine whether the Puerto Rico Department of Education (Puerto Rico DOE) used Restart program funds for allowable and intended purposes.

We found that the Puerto Rico DOE did not always use Restart program funds for allowable and intended purposes. Specifically, of the approximately \$8.6 million in indirect costs that the Puerto Rico DOE charged to its Restart program grant during our audit period, \$2.5 million of it was not allowable. The \$2.5 million in unallowable costs that the Puerto Rico DOE charged to the Restart program could have been used for allowable activities that would have assisted the Puerto Rico DOE in restarting school operations, reenrolling students, and reopening public and nonpublic elementary and secondary schools affected by the covered disaster. We also found that the Puerto Rico DOE needs to improve its management of technology devices it purchased for students and teachers using Restart program funds. During our May 2023 physical inspections of a nonstatistical sample of 350 technology devices acquired at a cost of \$161,669, we found that 215 student technology devices purchased for \$100,420 were in storage and had not been used as intended for nearly 3 years (since receipt of the devices in July 2020), and that the Puerto Rico DOE could not locate another 21 student and teacher technology devices purchased for \$9,237. As a result of the Puerto Rico DOE's inadequate management of technology equipment, students and teachers who could have benefited from the use of this equipment did not.

Lastly, we found that the Puerto Rico DOE made unallowable payroll payments totaling \$6,000 to 3 teachers in our statistical random sample of 87 payroll payments. The three payments were for an initiative funded by ESSER program funds that the Puerto Rico DOE received and therefore should have been charged to that program. Restart program funds used for unallowable payroll payments were not available for activities related to restarting operations, reopening schools, and reenrolling students. Because we used a stratified, dollar-weighted, random statistical sampling design for payroll payments, we projected that the Puerto Rico DOE paid \$41,882 in unallowable payroll payments using Restart program funds.

We made eight recommendations to the Puerto Rico DOE to address the issues identified, including reallocating unallowable indirect costs it charged to the grant and ensuring capitalization policies and procedures are followed; distributing the unused technology devices to students and teachers in need, locating missing technology devices, performing a technology device inventory, and ensuring policies and procedures related to the management of technology devices are followed; and determining the total amount of payments incorrectly charged to the Restart program and reallocating the unallowable amount back to the Restart program grant. The Puerto Rico DOE did not agree with one of our findings and neither agreed nor disagreed with two of our findings. It did, however, describe actions it plans to take to address our recommendations. [Puerto Rico DOE Report](#). You can find copies of our [previously issued reports involving Restart funds on our website](#).



Investigative Outreach 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

Council of the Inspectors General on Integrity and Efficiency 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.

National Center for Disaster Fraud

The OIG is involved in this partnership between the U.S. Department of Justice and various law enforcement and regulatory agencies that work to improve and further the detection, prevention, investigation, and prosecution of fraud related to disasters.



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 risky 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.

Reports

The Department disburses about \$112 billion in Federal student aid annually and manages or oversees an outstanding loan portfolio valued at more than \$1.6 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, the Office of Postsecondary Education (OPE) and Federal Student Aid (FSA) are responsible for administering and overseeing 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 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, the OIG identified actions for FSA to take to address issues mentioned in the OIG audit report highlighted below.

Selected Schools' Compliance with Career Pathway Program

We conducted a series of audits examining selected schools' Career Pathway programs to determine whether (1) their career pathway program(s) met the program eligibility requirements in section 484(d)(2) of the Higher Education Act of 1965, as amended (HEA); (2) students enrolled in career pathway program(s) met the student eligibility requirements in 484(d)(1)(A) of the HEA; and (3) they excluded from students' enrollment statuses and costs of attendance the component of their career pathway program(s) that enabled a student to attain a high school diploma or its recognized equivalent. We selected three schools for this audit series: United Education Institute (doing business as UEI College), Long Island Business Institute, and Plaza College. Summaries of our findings follow.

UEI College

UEI College is proprietary institution of higher education based in California. During the period covered by our audit, UEI College operated 11 campuses with a total enrollment of about 12,500 students, about 3,400 of whom were enrolled in the school's 8 Career Pathway programs. We concluded that all eight of UEI College's career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA. Although the school's career pathway programs satisfied the program eligibility requirements, it did not always retain sufficient documentation to show that students received counseling to support them in achieving their career goals. In addition, we concluded that all students included in our sample received passing scores on a Department-approved Ability-to-Benefit (ATB) test, as required by section 484(d)(1)(A) of the HEA. We also concluded that the ATB tests for students included in our sample from 8 of UEI College's 11 campuses were independently administered. However, we could not conclude whether the ATB tests taken by the students included in our sample from three

campuses were independently administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher's rules. Finally, we concluded that UEI College properly excluded the high school completion component of its career pathway programs from the enrollment statuses and costs of attendance for all students included in our sample.

We made five recommendations to address the issues identified, including that UEI College retain sufficient documentation to show that all students enrolled in its career pathway programs receive the career counseling required by school policy, that the school provide evidence to FSA demonstrating that the ATB tests taken by students at three of its campuses during award year 2020–2021 were independently administered in accordance with Federal regulations and the test publisher's policies, and that FSA take appropriate action if UEI College awarded Title IV funds based on ATB tests that were not independently administered in accordance with such regulations and policies. UEI officials did not agree with all of our findings. [UEI Report](#)

Long Island Business Institute

Long Island Business Institute (LIBI) is a proprietary institution of higher education with three campuses in New York. During the period covered by our audit, LIBI's total enrollment was 1,654 students, 740 of whom were enrolled in the school's 6 career pathway programs. We found that all six of LIBI's career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA. Additionally, LIBI's records showed that all 111 students included in our sample met the student eligibility requirements in section 484(d)(1)(A) of the HEA. Finally, LIBI properly excluded the high school completion component of its career pathway programs from the enrollment statuses and costs of attendance for all 111 students (100 percent) included in our sample. Because we did not identify any instances of noncompliance with section 484(d) of the HEA or 34 C.F.R. section 668.151 (ATB requirements), we did not make any recommendations. [LIBI Report](#)

Plaza College

Plaza College is a proprietary institution of higher education located in New York. During the period covered by our audit, its total enrollment was about 800 students, 289 of whom were enrolled in the school's 7 career pathway programs. We found that all seven of Plaza College's career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA. Additionally, Plaza College's records showed that all 94 students (100 percent) included in our sample met the student eligibility requirements in section 484(d)(1)(A) of the HEA. Finally, Plaza College properly excluded the high school completion component of its career pathway programs from the enrollment statuses and costs of attendance of all 94 students (100 percent) included in our sample. Because we did not identify any instances of noncompliance with section 484(d) of the HEA or 34 C.F.R. section 668.151 (ATB requirements), we did not make any recommendations. [Plaza College Report](#)



Investigations and Outreach

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 in 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.

More Actions Taken in Texas College Fraud (Texas)

In our recent [Semiannual Reports to Congress](#), we highlighted our case involving a former financial aid director of Texas College, her son, and two other students who were indicted for their alleged roles in a student aid fraud scam, one of whom had pled guilty. During this reporting period, the former financial aid director, her son, and another participant pled guilty to their roles in the scheme, while another participant was sentenced after pleading guilty. From 2019 through 2020, the former director used her position and access to the school's financial aid systems to trigger student aid payments to her son and others who were not otherwise eligible to receive. The participant was sentenced to serve 3 years of probation and ordered to pay \$49,660 in restitution.

Former Tarrant County College District Financial Aid Employee Arrested for Tampering with a Governmental Record (Texas)

A former financial aid employee at Tarrant County College District (TCCD) was arrested for tampering with a governmental record. The former employee allegedly used her login credentials to alter her personal school records to receive more than \$14,300 in Federal student aid she would not have otherwise been eligible to receive.

Owner of Virginia Prep Sports Academy Sentenced in Forgery Scheme (Virginia)

During this reporting period, the former owner/operator of Virginia Prep Sports Academy (VPSA) was sentenced for his role in a forgery scheme involving Federal student aid. As VPSA was ineligible to participate in Federal student aid programs, the former owner conspired with the now-defunct Morthland College to allow Academy students to attend classes at the college, increasing the cost of attendance for those students in order to cover the Academy's tuition, fees, and other unallowable expenses. Student aid refunds were directed to VPSA instead of the students, with the former owner forging signatures on forms to divert student aid refunds to VPSA. The former owner was sentenced to 17 years of suspended confinement, followed by 12 months of supervised release, and was ordered to pay more than \$59,000 in restitution.

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 to fraudulently obtain Federal student aid. These cases are just a sample of the actions taken against fraud ring participants during this reporting period.

Member of \$550,000 Fraud Ring Pled Guilty (Texas)

In a previous [Semiannual Report to Congress](#), we highlighted our investigation of a fraud ring that targeted some \$550,000 in student aid at a number of Texas schools, including Collin College, Eastfield College, Navarro College, Tarrant County College, and Trinity Valley Community College. During this reporting period, another ring member pled guilty for their role in the scam. From 2014 through 2017, the ring 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. Further, many of the forms and applications contained information that was associated with ring members, including addresses, telephone numbers, email addresses. They also opened some 10 bank accounts in the names of the phony students that were controlled by the ring members so that they would receive the student loan refund balances. Another member of the ring pled guilty and was sentenced in 2021.

Leader of Fraud Ring Pled Guilty to Student Loan Fraud (Michigan)

The leader of a fraud ring pled guilty to student loan fraud and attempted student loan fraud for fraudulently receiving Federal student aid from Central Michigan University. Between 2018 and 2020, the ringleader submitted falsified admissions and student aid forms to the school on behalf of more than 25 people, knowing that none of them intended to use the aid for

educational purposes. In her guilty plea, the ringleader agreed to pay more than \$380,000 in restitution.

Leader of \$126,000 Fraud Ring Sentenced (Montana)

The leader of a student loan fraud ring who abused tuition waivers for Native American students, was sentenced to prison for fraud and aggravated identity theft. From 2016 to 2019, the ring fraudulently obtained more than \$126,200 in Federal student aid by enrolling unwitting family members and others in online classes at Great Falls College/Montana State University. The ringleader fraudulently used and submitted multiple American Indian Tuition Waivers, creating and using false enrollment forms from Native American Tribes, all of which were designed to result in larger student aid amounts, which members of the ring used for their own purposes. The leader was sentenced to serve 18 months in prison, 3 years of supervised release, and was ordered to pay more than \$68,100 in restitution. [Press Release](#)

Other Student Aid Fraud Investigations

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

Nurse Practitioner Pled Guilty in \$10.5 Million Dollar Total and Permanent Disability Discharge Fraud (New York)

In a recent [Semiannual Report to Congress](#), we highlighted our case involving a nurse practitioner who was charged for allegedly orchestrating a scheme that resulted in the fraudulent discharge of over \$10.5 million in student loans. During this reporting period, she pled guilty. From June 2017 through March 2022, the woman deceived more than 100 borrowers into believing they qualified for various forms of student loan relief, including total and permanent disability relief, and charged them fees—often between 10 and 20 percent of the loan amount—to facilitate their loan discharge process. The nurse practitioner used the personal identifying information of the borrowers to submit fraudulent applications for student loan discharge applications. She also used the stolen identities, medical license numbers, and forged signatures of over a dozen medical doctors to falsify medical diagnoses and disability certifications. The nurse practitioner earned approximately \$1 million as a result of the scheme.

Man Indicted for Using Identities of Others in Alleged Fraud Scam (Wisconsin)

A man was indicted for allegedly using the identities of others for the purpose of fraudulently obtaining Federal student aid. From 2018 to 2021, the man allegedly used the personal identifying information of numerous individuals without their consent, including individuals who were incarcerated at the time, to apply for admission to and receive Federal student aid from the University of Phoenix. Per the indictment, as the student aid award would often be more than the cost of tuition and fees, the man ensured that the student aid refunds were directed to a bank account he controlled, deposited onto debit cards, or mailed to an address he controlled.

Man Pled Guilty to Tax and Wire Fraud Involving Federal Programs, Including Federal Student Aid (Ohio)

In a recent [Semiannual Report to Congress](#), we highlighted a case involving a man who was charged with four counts of wire fraud for falsifying information on Federal student aid forms. During this reporting period, the man pled guilty to those charges, which also included filing false tax returns and defrauding the U.S. Department of Agriculture’s Supplemental Nutrition Assistance Program (SNAP). Specific to Federal student aid, the man underreported his income, assets, and net worth of investments on a number of Federal education aid forms, including Facts Grant and Management Applications and on his daughter’s FAFSAs. As a result of his fraudulent actions, the man’s children received institutional funding from two private schools in Ohio and his daughter received Federal student aid in amounts for which she was not entitled. In pleading guilty, the man agreed to pay more than \$733,000 in restitution, including more than \$58,000 to the Department and the private schools in Ohio.

Woman Sentenced for Using Deceased Spouse’s Identity in \$36,000 Student Aid Fraud (Oregon)

A woman was sentenced for using her deceased spouse’s identity to obtain more than \$36,000 in Federal student aid. From 2017 to 2019, the woman used her spouse’s personally identifiable information to submit admissions and Federal student aid applications to three different schools in the State. She attended online courses and passed the first term at each institution in order to collect the funds. The woman was sentenced to 36 months of probation and was ordered to pay more than \$36,000 in restitution. [Press Release](#)

Student Loan-Related Scam Public Service Announcement, Awareness and Prevention Materials

During this reporting period, the OIG issued a public service announcement to alert the public to student loan-related scams. The announcement encourages student loan borrowers to stay alert and avoid falling victim to student loan forgiveness and debt relief scams and provides actions they can take to protect themselves. The [public service announcement](#) is available on our website. The OIG also continued to share its infographics and other materials aimed at helping student loan borrowers (college undergraduates and graduates) protect themselves from student loan-related scams and identity theft. These infographics and flyers provide helpful tips and proactive steps for student borrowers to take to avoid falling victim to student loan scams, student loan forgiveness scams, student loan debt relief scams, and identity theft. The flyers also list actions to take should students think they have been caught in a scammer’s trap. These [fraud awareness and prevention materials](#) are available on our website.



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., Boston, Massachusetts, and Dallas Texas.

Veteran Scam and Fraud Evasion or VSAFE

The OIG participates in this effort that seeks to combat fraud and scams perpetrated against veterans, service members, and their families.

Review of Legislation, Regulations, Directives, and Memoranda

Department's Draft Final Rule to Designate a Regulatory Provision in its Final Rule Related to Income-Driven Repayment for Early Implementation

The OIG provided a comment on the draft final rule to improve the document's quality, clarity, and integrity. The Department revised the language in the final rule to address the comment.

HR 5933, the Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act

The OIG commented that the proposed compliance certification, in connection with the IHEs' reports, should be required to be provided by a C-suite official of the IHE, rather than an employee, to ensure accuracy and to convey the importance of the certification requirement.



Elementary, Secondary, and Special Education Programs

The Department administers more than 100 programs that involve 56 States and territorial educational agencies, more than 17,000 public school districts, about 128,000 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 protect public education funds for eligible students by identifying those who abuse or misuse Department funds and holding them accountable for their unlawful actions.

Reports

During this reporting period, we issued two reports specific to elementary, secondary, and special education. The first report sought to determine whether the Department appropriately approved requests for alternate assessment waivers and waiver extensions for School Year (SY) 2021–2022. The second report is the first in a planned series of audits of selected State educational agencies (SEAs) to determine whether they implemented components of their statewide accountability systems in accordance with their approved Every Student Succeeds Act (ESSA) State plans and any approved amendments. Below you will find summaries of the reports.

The Department’s Approval of Alternate Assessment Waivers and Extensions

Under the Elementary and Secondary Education Act (ESEA), as amended by ESSA, each SEA is required to annually measure the achievement of not less than 95 percent of all students and 95 percent of all students in each subgroup of students on its annual statewide assessments in reading and language arts, mathematics, and science. The ESEA provides that only students with the most significant cognitive disabilities may take an alternate assessment aligned with alternate academic achievement standards (alternate assessment) and limits the number of students that a State may assess with an alternate assessment to no more than 1 percent of the total number of students in the State who are assessed in that subject. The ESEA permits the Department to grant a waiver to a State, if it meets certain statutory and regulatory requirements, to assess more than 1 percent of students with an alternate assessment.

We conducted an inspection to determine whether the Department appropriately approved requests for alternate assessment waivers and waiver extensions for school year 2021–2022. Our inspection found that the Department generally appropriately approved 21 of 22 requests for alternate assessment waivers and waiver extensions for school year 2021–2022. One request should only have been partially approved because it included a subject for which a waiver should not have been granted since prior-year assessment participation rates were not met. Although we noted that some requests did not fully meet all applicable requirements, we found that the related deviations were minor, the Department’s rationale for concluding requirements were met, when provided, was reasonable, or we did not believe the deviations rose to a level that would warrant disapproval of the requests. In addition, we found that the Department could strengthen its processes to provide for greater consistency and less subjectivity in its treatment of State waiver requests. We noted that the Department did not always clearly document its analysis and basis for conclusions regarding how States met certain requirements, especially requirements where staff exercised professional judgment, did not have formal documented guidance or procedures for staff to use when reviewing waiver or waiver extension requests, and relied on information

submitted by States in the waiver and waiver extension requests with minimal independent verification or analysis.

We recommended that the Department develop, finalize, and implement written guidance and review procedures for staff involved in reviewing and approving alternate assessment waiver and waiver extension requests to strengthen its process and provide for greater consistency and less subjectivity. The Department did not state whether it agreed or disagreed with our finding and recommendation but agreed that it can continuously review and improve its processes and noted that it has already taken several steps to strengthen its process. [Alternate Assessments & Waivers Report](#)

The Mississippi Department of Education’s Implementation of Selected Components of Mississippi’s Statewide Accountability System

The ESEA authorizes the Department to provide grants to States and LEAs to improve the quality of elementary and secondary education. To receive funding under the ESEA, a State must submit a State plan to the Department that includes a description of the State’s accountability system. The Department must approve the plan. A State’s approved plan remains in effect for the duration of the State’s participation in ESEA programs. If at any time a State wants to make significant changes to its plan, it must submit a request to the Department in the form of revisions or amendments to the State plan. The Department must approve the revision or amendments to the plan.

During this reporting period, we issued the first in our planned series of audits to determine whether selected States implemented selected components of their statewide accountability systems in accordance with their approved State plans and any approved amendments. The audit involved the Mississippi Department of Education (MDE) and covered MDE’s processes for implementing selected components of Mississippi’s statewide accountability system based on accountability data for school years 2017–2018, 2018–2019, and 2021–2022. The selected components were (1) establishment of long-term goals for improved academic achievement, (2) indicators used to measure student academic achievement and school success, (3) annual meaningful differentiation, and (4) identification of low-performing schools and schools with low-performing student subgroups. Our audit also covered the funding and support services that MDE provided to LEAs with schools identified in the fall of 2022 as needing comprehensive support and improvement (CSI), targeted support and improvement (TSI), and additional targeted support and improvement (ATSI).

We found that MDE generally implemented the long-term goals, indicators, annual meaningful differentiation, and identification of low-performing schools’ components of its statewide accountability system in accordance with Mississippi’s approved State plan and amendment. However, its implementation of several aspects of the accountability system deviated from the plan. In several cases, the changes warranted the Department’s review and approval; however, MDE implemented the changes without (1) submitting amendments to the

Department or (2) waiting for the Department to approve the amendments. In addition, we found that MDE did not always calculate indicator scores, perform annual meaningful differentiation, and identify schools for CSI in accordance with Mississippi’s approved State plan and amendment. We also determined that MDE provided funding and additional support to all 236 Mississippi public schools that it identified in the fall of 2022 as needing additional support based on accountability data for school years 2017–2018, 2018–2019, and 2021–2022. Lastly, as noted in the “Other Matters” section of our report, MDE did not take corrective actions that were responsive to the Mississippi Office of the State Auditor’s recommendations for ensuring the accuracy and completeness of graduation rate data used in Mississippi’s statewide accountability system.

We made five recommendations to address the issues identified, including that MDE update its policies and procedures to reflect that all changes to Mississippi’s approved State plan should be submitted to the Department and approved by the Department before implementing changes to the accountability system. MDE officials did not agree with all of our findings or recommendations.

[Mississippi 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, Contractors, and Educational Services Providers

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

Founder, Officials of Now-Defunct Online Charter Schools Charged \$44.6 Million Enrollment Fraud Scheme (Indiana)

Four people were charged for their alleged roles in a conspiracy to defraud the Indiana Department of Education (IDOE) through their operation of two online

charter schools, Indiana Virtual School (IVS) and Indiana Virtual Pathways Academy (IVPA). The four people are the schools' founder, the Director of IVS, the superintendent of both schools, and a school operations manager. The operations manager has pled guilty to fraud charges. Between 2016 and 2018, the four allegedly inflated the schools' enrollment numbers in order to receive more funding from the State, submitting to the IDOE the enrollment of more than 4,500 students that they knew were not attending IVS or IVP. As a result of their false submissions, the schools received more than \$44 million, millions of which the defendants allegedly directed to fraudulent for-profit companies controlled by the founder, which were then funneled to his co-conspirators and others. They were also alleged to have fired an employee who attempted to inform the IDOE of fraud that was occurring at IVS. The schools closed in 2019. [Press Release](#)

Former Magnolia School District Official Pled Guilty to Embezzling Nearly \$16 Million (California)

The former Senior Director of Fiscal Services for the Magnolia School District pled guilty to embezzling nearly \$16 million from the district over several years. From 2016 through 2023, the former official made unauthorized payments to himself with district funds—payments that came from more than 250 checks from the district that were deposited into his personal bank account. The checks ranged from approximately \$11,000 to \$95,000 and listed fictitious persons as the payee, altering documents to hide his embezzlement. As a result of his criminal efforts, the former director obtained nearly \$16 million from a school district—where 81 percent of its students are classified as socioeconomically disadvantaged—which he used for personal expenses, including a million-dollar home, an expensive car, luxury items, and cosmetic procedures. [Press Release](#)

Former State Lawmaker and Friend Charged in Alleged \$1.1 Million Fraud Scheme (New Mexico)

The former Director of the Perkins Project and Career and Technical Education (CTE) Coordinator at Albuquerque Public Schools (APS), who once served in the New Mexico State Legislature, and her friend, an APS vendor, were charged for their alleged roles in a \$1.1 million fraud scheme. From 2013 through 2020, the former official allegedly used her position at APS to direct approximately 40 percent of APS's non-personnel CTE funding to Robotics Management Learning Systems (Robotics), a company owned and operated by her close personal friend, purportedly for use of and support for the CyberQuest software in APS classrooms. According to the charge, the former APS official reviewed and approved Robotics' invoices and directed other APS employees under her supervision to approve those invoices. APS then issued checks to Robotics and mailed them to a post office box in Albuquerque. At the vendor's request, the former APS Director is alleged to have personally retrieved the checks from the post office box and deposited them into the Robotics bank account. In return, the vendor provided blank checks for the Robotics business checking account. The former APS Director allegedly used

the blank checks to write approximately 233 checks from Robotics for her own benefit, totaling more than \$1.1 million. [Press Release](#)

Former Silver River Mentoring and Instruction Employee Pled Guilty to \$616,000 Fraud Scheme (Florida)

A former employee of Silver River Mentoring and Instruction—an alternative school for middle and high school students—pled guilty to fraud involving more than \$616,700. From 2016 through 2023, the employee handled the payroll at the school and gave herself 137 unauthorized paychecks by logging false information into the school’s accounting software and receiving the paychecks through wire transfers. During a financial review with the school’s executive staff in April 2023, the former employee admitted that she had been “paying [herself] extra money” and had become addicted to stealing the payroll funds. [Press Release](#)

Former President of Madison District Public Schools Board of Education Sentenced in \$560,000 Kickback Scheme (Michigan)

In recent [Semiannual Reports to Congress](#), we highlighted our case involving the former president of the Madison District Public Schools Board of Education and a business owner who had previously pled guilty for their roles in a kickback scheme. In our last report, we noted that the contractor was sentenced for his role in the scheme. During this reporting period, the former Board President was sentenced to 45 months in prison for his role. The former president used his position to award some \$3.1 million in school maintenance and construction contracts to the business owner, who was his long-time friend, in exchange for a financial kickback. The contractor admitted that he had to “pay to play” in the school district, so wrote checks from his company to a company solely owned by the former school board president. The business owner admitted to making more than \$560,000 in payments to the former president, which the former president spent on personal luxuries such as vacations in Florida and a boat slip. [Press Release](#)

Former Universal Companies Officials Convicted at Trial for Conspiracy to Defraud the Government (Pennsylvania)

In previous [Semiannual Reports to Congress](#), we highlighted our case involving bribery and kickback scheme involving officials with Universal Companies the former president of the Milwaukee Public Schools Board. The former board president pled guilty for accepting bribes from the company officials in exchange for allowing the company to open a charter school in Milwaukee. During this reporting period, the officials were convicted at trial for their roles in the scheme, as well as for embezzling more than \$491,000 from the company. The two charged excessive, inflated, or outright fraudulent reimbursements for travel or other purported business expenses related to the operation of the company, including its charter schools. They used the funds for personal expenses that should not have been reimbursed, including vacations, gym memberships, and political contributions. [Press Release](#)

Former Hempstead Union Free School District Official Sentenced in \$280,000 Kickback Scheme (New York)

The former Director of Food Services for the Hempstead Union Free School District was sentenced to prison for her role in a kickback scheme. The former director used her position to secure lucrative contracts with the owner of Smart Starts to provide prepackaged breakfast meals for Hempstead public school students in exchange for kickbacks. To conceal the illegal nature of the arrangement, kickback payments were deposited into a bank account that was created in the name of one of the former director's family members, and were spent by the family on international vacations, a leased vehicle, and home furnishings. About \$13,000 in kicked back funds were also withdrawn by the director in cash from ATMs located near her home and workplace. The former director was sentenced to serve 6 months in prison and 2 years of supervised release and agreed to forfeit approximately \$120,000. As reported in our last [Semiannual Report to Congress](#), the Smart Starts owner was sentenced to 2 years of probation, and agreed to forfeit approximately \$160,000.

Former Puerto Rico Department of Education Official and Contractor Pled Guilty in \$200,000 Fraud Scheme (Puerto Rico)

The former Director of the Puerto Rico Department of Education's (PRDE) Technical Education Program and his roommate, the owner and president of Star Enterprises pled guilty to theft charges. From June 2019 and continuing through August 2021, the two conspired in a scheme whereby the former PRDE program director used his position to award PRDE contracts to Star Enterprises, even though the company was not eligible to contract with the PRDE or other local governmental entities. Despite not having either a valid certificate of eligibility or a valid certificate of incorporation, the former PRDE program director authorized payments to Star Enterprises totaling more than \$213,200 for work purportedly performed for the PRDOE when in fact those services that were never rendered. [Press Release](#)

President of Youth Policy Institute Sentenced for Embezzlement, Fraud (California)

The president and chief executive officer of the Youth Policy Institute, a nonprofit agency that worked to eradicate poverty in some of the highest needs neighborhoods in Los Angeles, was sentenced for embezzlement and cheating on his taxes. From 2015 through 2019, the former president used more than \$71,500 in organizational funds for unauthorized expenditures, including tutoring services for a family member. The former president also underreported his income on his individual Federal income tax return. He was sentenced to serve 6 months of home confinement, perform 200 hours of community service, was ordered to pay more than \$750,000 in restitution, and a \$10,000 fine. [Press Release](#)

Former DeSoto Independent School District Attorney Indicted for Theft (Texas)

The former General Counsel of the Desoto Independent School District was indicted on theft charges. From June 2017 to August 2018, the former official

allegedly used school district credit cards to make unauthorized payments to her business via PayPal totaling more than \$48,000.

Former Thornton Township School District 25 Technology Technician Sentenced in Kickback Scheme (Illinois)

A former Thornton Township School District 205 technology technician was sentenced to 3 months home confinement, 2 years of supervised release, and was ordered to pay more than \$32,000 in restitution and fines for his role in a kickback scheme. From 2009 to 2013, the former technician steered school district business to a local computer store in exchange for cash payments, computer equipment, and other items of value.





Other Activities

Participation on Committees, Work Groups, and Task Forces

Puerto Rico Anti-Public Corruption Task Force

The OIG is a member of a joint task force focused on combating public corruption in Puerto Rico. The task force is led by the U.S. Department of Justice and includes the FBI, Puerto Rico and local law enforcement agencies, and Federal OIG offices.

Puerto Rico Education Sustainability Team

OIG staff are participating on this Department team in an advisory capacity, sharing our knowledge of fraud risk areas, as well as strengths and weaknesses that we have identified through decades of work involving the Puerto Rico Department of Education, and the recommendations we made to improve those weaknesses.

Grant Fraud Working Group

The OIG is a member of this work group, composed of OIGs and other governmental agencies, that meets quarterly to discuss challenges, opportunities, and best practices involving grant fraud investigations.

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.

Reports

During this reporting period, the Independent Auditors' Reports were issued covering the statutory audits of the Department's and FSA's FY 2023 financial statements, as required by the Chief Financial Officers Act of 1990, and the Higher Education Act, respectively, which among other purposes, seek 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 Acts require an annual audit of the agency and the Federal Student Aid financial statements, which are intended to help improve an agency's financial management and controls over financial reporting. A summary of the FY 2023 financial statements audits follows.

FY 2023 Financial Statements Audits

The OIG's contracted independent auditor issued disclaimers of opinion on the FY 2023 consolidated financial statements (balance sheets and related notes) for both the Department and FSA. The auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion because of unresolved errors in the underlying data used by management to calculate subsidy re-estimates for the direct loan and loan guaranty programs.

Regarding internal controls, the auditors identified (a) one material weakness and (b) two significant deficiencies in internal control over financial reporting for both the Department and FSA. First, the auditors found a material weakness in the Department's and FSA's controls over the relevance and reliability of underlying data used in credit reform re-estimates. Specifically, management's risk assessment process was not sufficient to identify the risk related to the relevance and reliability of the underlying data used in significant assumptions for the subsidy re-estimates. Additionally, management did not sufficiently communicate errors in the underlying data internally to those responsible for calculating the subsidy re-estimates. Inadequate controls over the relevance and reliability of the underlying data used to develop the subsidy re-estimates led to errors which increases the risk that the balance sheet and related notes could be materially misstated.

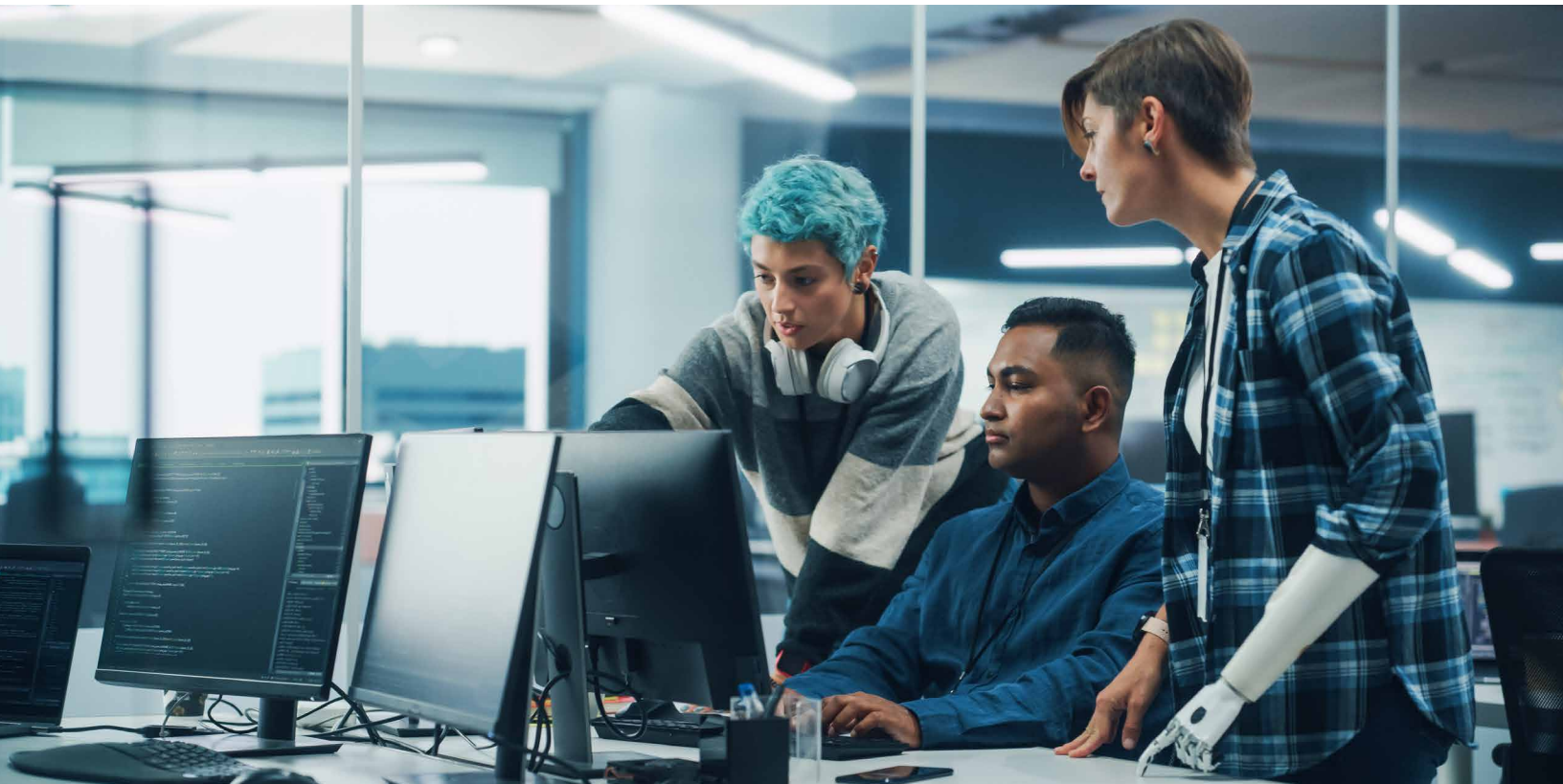
The auditors identified two significant deficiencies, involving (a) information technology controls and (b) the entity level control environment. Specific to information technology controls, FSA management demonstrated progress implementing corrective actions to remediate some prior-year deficiencies, however, the Department and FSA management have not fully remediated prior-year deficiencies. The auditors reported new and existing IT control deficiencies related to security management, access controls, and segregation of IT duties for the Department's core financial management system, three of FSA's financial and mixed systems, and one identity and access management support system.

Regarding the significant deficiency in entity level controls, the auditors determined that the Department and FSA need to address weaknesses in

the overall control environment related to insufficient risk assessments and monitoring activities. Inadequate risk assessment throughout the Department and FSA prevented the proper identification and analysis of risks related to the financial reporting process at the Department and FSA, and from 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.

Finally, for the Department audit, the auditors identified two instances of reportable noncompliance and other matters. First, management performed an internal control assessment as required under the Federal Managers' Financial Integrity Act of 1982 (FMFIA); however, management's assessment did not substantially comply with FMFIA and the related OMB A-123 requirements. Specifically, management did not consistently identify and document financial statement and process level risks and key controls. Regarding noncompliance with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA), management was unable to provide evidence that the cash flow projections for the subsidy re-estimates were based on sufficient relevant and reliable data preventing the agency's ability to prepare an auditable financial statement. Finally, there were no reported instances of noncompliance or other matters for the FSA audit.

The auditors made numerous recommendations to address the weaknesses identified during the audits of the Department and FSA. Management of the Department and FSA concurred with the findings and agreed to take action to address the recommendations. [FY 2023 Agency Financial Report, FY 2023 FSA Annual Report](#)





Other Activities

Participation on Committees, Work Groups, and Task Forces

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 OMB 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 an advisory capacity on this group that meets monthly to discuss issues, proposals, and plans related to human capital management.



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. Below you will find summaries of this work.

Reports

Section 404(b) of Title 5, Part 1, Chapter 4 (formerly known as the Inspector General Act of 1978), 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.

Quality Control Reviews and Desk 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 1 year to obtain an audit, referred to as a "single audit." Additionally, for-profit institutions, foreign schools, and their servicers that participate in the Department programs and for-profit lenders and their servicers that participate in Department 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 material to Federal awards. To help assess the quality of the thousands of audits performed each year, the OIG conducts quality control reviews of a sample of audits. The OIG also performs desk reviews of a sample of audit reporting packages to identify 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 39 desk reviews and concluded that 8 (21 percent) were Pass, 27 were Pass with Deficiencies (69 percent), and 4 (10 percent) were Fail. We also completed 10 quality control reviews of engagements conducted by 9 independent public accountants. We concluded that three (30 percent) were Pass with Deficiencies and seven (70 percent) were Fail.

When a quality control review receives a rating of Fail and the independent public accountant or audit organization cannot or does not adequately resolve the deficiencies, we may find the audit report is not reliable and we will recommend the report be rejected. During this reporting period, we made two recommendations to the Department to reject audit reports. Furthermore, we referred two independent public accountants to the American Institute of Certified Public Accountants and to their State Board of Accountancy for possible disciplinary action. We made these referrals due to the independent public accountant's unacceptable audit work. During this reporting period, we received information from a State Board of Accountancy regarding disciplinary actions taken against an independent public accountant because of a previous referral involving two different quality control reviews. Along with being reprimanded and ordered to pay a penalty and administrative costs, the independent public accountant was required to hire another firm to perform a pre-issuance review of the auditor's U.S. Department of Education audits until the reviewer determines that the independent public accountant is qualified to perform those audits on their own.

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. During this reporting period, we conducted a training session focused on audit updates for institutions of higher education. The training was provided to more than 5,000 financial aid professionals and auditors at the 2023 Federal Student Aid Training Conference. We also participated in a panel discussion on insights from a regulator's perspective at a higher education conference.





Other OIG Reports

During this reporting period, the OIG issued five reports specific to the OIG mission and goals, including the required Management Challenges report. Summaries of these five reports follows.

FY 2024 Management Challenges Report

In November, the OIG issued its FY 2024 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. We also instituted a new framework for assessing the Department's activities in response to individual challenges. For FY 2024, the OIG identified seven management challenges the Department faces as it continues its efforts to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. These challenges are (1) implementing pandemic relief laws for elementary and secondary education; (2) implementing pandemic relief laws for higher education; (3) oversight and monitoring of student financial assistance programs (4) oversight and monitoring of grantees (5) data quality and reporting; (6) improper payments, and (7) information technology security. [FY 2024 Management Challenges Report](#)

FY 2024 Annual Plan

In December, the OIG issued its FY 2024 Annual Plan, which identifies 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 focus attention across the 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. [FY 2024 Annual Plan](#)

FY 2023 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 participating 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 2023, the OIG received no allegations of possible fraud, waste, or abuse involving the Small Business Innovation Research program.

[FY 2023 SBIR Report](#)

FY 2023 Performance Results Report

In December, the OIG issued its FY 2023 Performance Results Report in accordance with Government Performance Modernization Act of 2010. The report presents the results of our work throughout FY 2023 in meeting our performance measures goals, the first year in implementing the strategies to reach the goals presented in our organizational [Strategic Plan for FYs 2023–2028](#). As highlighted in the report, the OIG not only successfully met but exceeded its targeted measurements for 20 of its 22 performance goals. The report presents those results and highlights actions the OIG took throughout the year that enabled it to achieve those results. It also present the OIG’s performance measures for FY 2024. [FY 2023 Performance Results](#)

FY 2023 DEIA Annual Progress Report

During this reporting period, we issued our FY 2023 Diversity, Equity, Inclusion, and Accessibility (DEIA) annual progress report. The report highlights what we accomplished during FY 2023 involving DEIA, the first year in implementing the strategies to reach the goals presented in our [DEIA Strategic Plan for FYs 2023–2028](#). This included taking action to help ensure that our hiring practices effectively engage a diverse pool of qualified candidates; continuing to promote health and wellness in the workplace and for our workforce; and incorporating DEIA into our oversight work, issuing several reports with a DEIA connection. The report also presents the OIG’s DEIA performance measures for FY 2024.

[FY 2023 DEIA Annual Progress Report](#)

FraudGram Newsletter

During this reporting period, the OIG issued its first FraudGram Newsletter, designed to educate and alert the public to the latest education-related scams. The newsletter highlights information on recent OIG criminal investigations and shares important information on how the public can help identify and report fraud involving Department programs and operations. The [FraudGram newsletter](#) is available on our website.



Other OIG Efforts

During this reporting period, the OIG issued and participated in other projects. Summaries of these efforts follow.

Council of the Inspectors General on Integrity and Efficiency

Established by the Inspector General Reform Act of 2008, CIGIE works to address integrity, economy, and effectiveness issues that transcend individual government agencies. Throughout this reporting period, the OIG continued to participate in myriad CIGIE committees and subgroups, including chairing the CIGIE DEIA Committee. During this reporting period, the CIGIE DEIA Committee issued the [first update](#) to its *Advancing Diversity, Equity, Inclusion, and Accessibility: a Roadmap for Offices of Inspectors General*, which [Federal News Network](#) highlighted in a printed and audio interview with Inspector General Bruce. It also held a workshop for the IG community on utilizing the [Toolkit For Considering Equity When Conducting Oversight Work](#), issued in September 2023; and held its first-ever DEIA Vendor Day, where attendees from across the IG community heard from vendors on available DEIA training and services.

To support the CIGIE's efforts to enhance recruitment and hiring of a diverse workforce, the DEIA Committee also held two career fairs, one in November and another in March. Some 40 individual OIGs were onsite to share information on career and internship opportunities. The March career fair also featured two virtual "office hours" sessions geared for individuals outside of the Washington, D.C. area. These sessions provided information on IGs as well as jobs and internships available in cities across the country. The Committee also issued a [job recruitment video](#) and brochure geared towards students, recent graduates, and other job seekers that features information on what it's like to work in the IG community. A list of all CIGIE committees, subcommittees, and work groups where OIG staff serve can be found in the section below.

FY 2023 CIGIE Awards

In November, the CIGIE held its 26th Annual Awards Ceremony, acknowledging the fair, independent, and objective oversight that IG employees conduct on behalf of the American public and the positive changes the OIGs promote throughout the Federal government. The OIG were the recipients of four FY 2023 Awards for Excellence, noted below. [CIGIE's award ceremony booklet](#) with more information on all award winners from across IG community is available on their website.

- **Award for Excellence in Audit: Charter Schools Programs Effectiveness Audit Team**—In recognition of the audit team's contributions toward improving the effectiveness of the U.S. Department of Education's Charter Schools Programs in increasing the number of high-quality charter schools.
- **Award for Excellence in Investigations: Studio DRB Productions Investigation Team**—In recognition of exemplary efforts that led to the prosecution of De'reek Banks and Studio DRB Productions for perpetrating the largest and costliest fraud scheme involving the Department of Education's Total and Permanent Disability Discharge program.
- **Award for Excellence in Investigations: Apex School of Theology Investigative Team**—In recognition of exemplary investigative efforts, resulting in the prosecution of Apex School of Theology for perpetrating a multimillion-dollar fraud scheme to misappropriate Federal financial aid funds for personal enrichment.
- **Award for Excellence in Information Technology**—Federal Information Security Modernization Act (FISMA) Metrics and Evaluation Guide Working Group (Staff from Multiple OIGs, including ED OIG).





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. Inspector General Sandra D. Bruce chairs the CIGIE Diversity, Equity, Inclusion, and Accessibility Committee and is a member of CIGIE's Audit Committee and the Information Technology Committee.

- OIG staff currently serve on the following CIGIE committees, subcommittees, and work groups:
 - Deputy Inspector General Working Group
 - Information Technology Investigations Subcommittee
 - Assistant Inspector General for Investigations Subcommittee
 - Assistant Inspector General for Management Working Group
 - Council of Counsels to the Inspectors General
 - Data Analytics Working Group of the Information Technology Committee
 - CIGIE/OMB Reform Working Group
 - Federal Hotline 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 Accessibility Working Group
 - CIGIE Professional Development Committee Coaching Subcommittee
- OIG staff lead or facilitate CIGIE training courses, including the following:
 - Introduction to Auditing
 - IG Criminal Investigator Academy (as needed)
 - Inspector General Investigator Training Program
 - 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

Whistleblower Protection Coordinator Group

The OIG's designated Whistleblower Protection Coordinator (WPC) and OIG attorneys participate in a government-wide group of WPCs to stay abreast of legislation affecting internal and external whistleblowers.

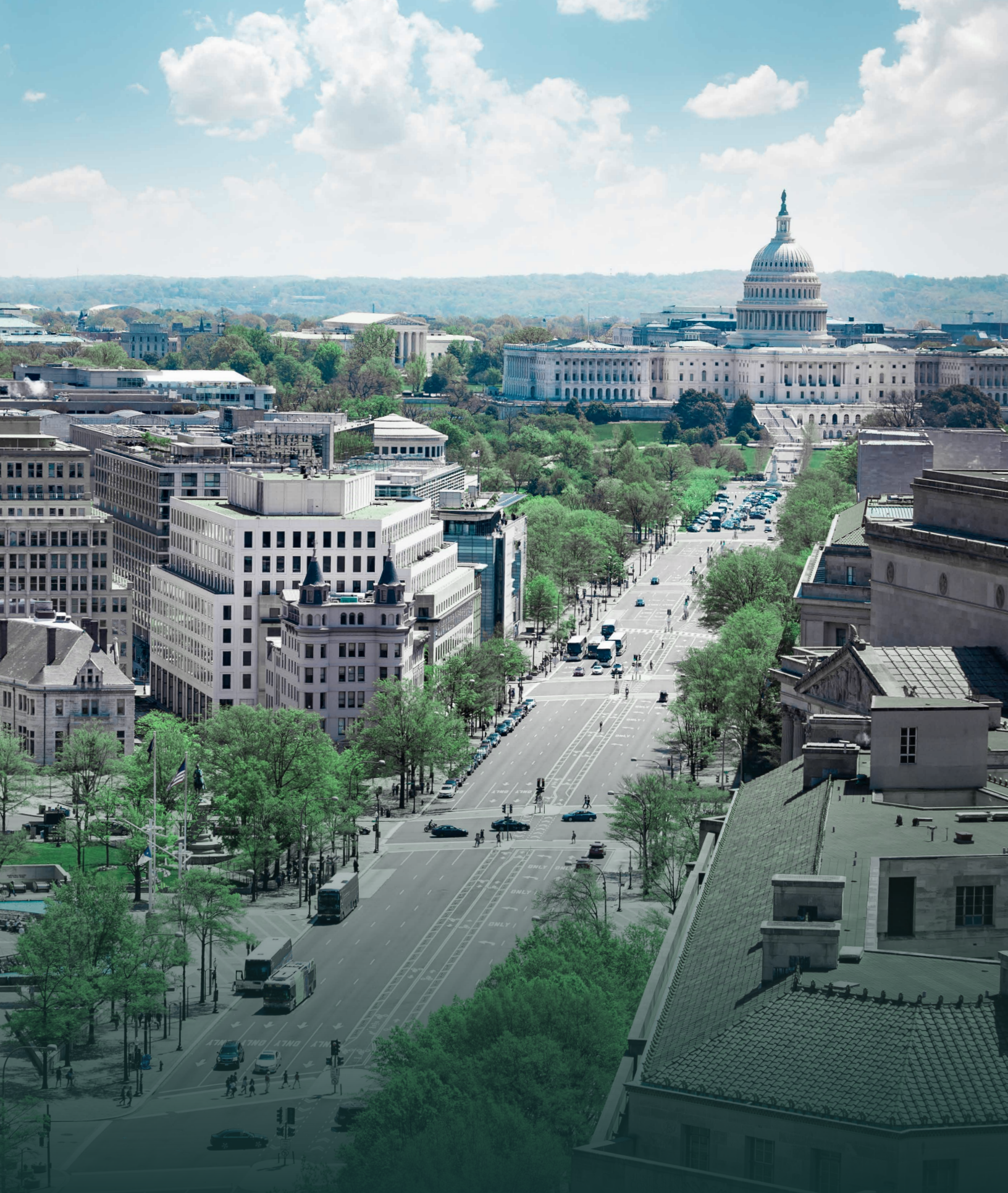
Interagency Fraud and Risk Data Mining Group

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 GAO, the Department of the Treasury, and OMB. It also provides technical assistance on audit standards, policies, legislation, and guidance, and plans the CIGIE/GAO 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

Acronym	Definition	Acronym	Definition
Department	U.S. Department of Education	OPEPD	Office of Planning, Evaluation and Policy Development
FFEL	Federal Family Education Loan	OS	Office of the Secretary
FSA	Federal Student Aid	OSDFS	Office of Safe and Drug Free Schools
HEA	Higher Education Act of 1965	OSEP	Office of Special Education Programs
IES	Institute of Education Sciences	OSERS	Office of Special Education and Rehabilitative Services
OCFO	Office of the Chief Financial Officer	Recs	Recommendations
OCIO	Office of the Chief Information Officer	SAR	Semiannual Report to Congress
OCTAE	Office of Career, Technical, and Adult Education	Title I	Grants to local educational agencies through State educational agencies funded under Title I of the Elementary and Secondary Education Act of 1965
ODS	Office of the Deputy Secretary	Title IV	Federal student aid programs funded under Title IV of the HEA
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		



Definitions

Term	Definition
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.
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 Section 405 of Title 5, Part 1 (formerly known as the Inspector General Act of 1978) 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 the Department
Unsupported Costs	As defined by Section 405 of Title 5, Part 1 (formerly known as the IG Act), 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, 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 Tables

The following pages present summary tables and tables containing statistical and other data as required, including under Section 405 of Title 5, Part 1, Chapter 4 (Inspectors General)(formerly known as the Inspector General Act)and other statutes and orders.

Section and Statute or Order	Requirement	Table Number	Page Number
-	Statistical Summary of Audit-Related Accomplishments	1	49
-	Statistical Summary of Investigation-Related Accomplishments	2	50
Section 405(b) (1)	Significant Problems, Abuses, and Deficiencies Related to the Administration of Programs and Operations	Nothing to Report	
Section 405(b) (3)	Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed, Including Potential Cost Savings Associated with the Recommendations	5	55
Section 5(b) of P.L. 117-286	Summary of Significant Investigations Closed During the Reporting Period (October 1, 2023, through March 31, 2024)	7	59
Section 405(b) (4)	Total Number of Convictions During the Reporting Period Resulting from Investigations (October 1, 2023, through March 31, 2023)	2	50
Section 405(b) (6), (8) & (9)	Audit and Other Reports Issued During the Reporting Period Including Questioned Costs, Better Use of Funds, and Whether a Management Decision Had Been Made by the End of the Reporting Period (October 1, 2022, through March 31, 2023)	3	52
Section 405(b) (8) & (9)	Management Decisions on Audit or Other Reports and Products Issued Prior to the Reporting Period (Prior to October 1, 2022)	4	54
Section 405(b) (13)	Unmet Intermediate Target Dates Established by the Department Under the Federal Financial Management Improvement Act of 1996	Nothing to Report	
Section 405(b) (14)	Peer Review Results - Reviews of OIG Operations Completed During the Reporting Period	6A	58
Section 405(b) (15)	Peer Review Results - Recommendations from Previously Issued Peer Reviews that the OIG Has Not Yet Implemented	Nothing to Report	
Section 405(b) (16)	Peer Review Results - Reviews of other Offices of Inspector General Completed by the OIG During the Reporting Period	6B	58
Section 405(b) (17)	Investigative Reports Issued	2	50



Section and Statute or Order	Requirement	Table Number	Page Number
Section 405(b) (18)	Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables	2	50
Section 405(b) (19)	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	
Section 405(b) (20)	Description of Instances of Whistleblower Retaliation	Nothing to Report	
Section 405(b) (21)	Description of Attempt by Agency to Interfere with OIG Independence	Nothing to Report	
Section 405(b) (22)	Description of Audits, Inspections, Other Reports and Investigations Closed but Not Disclosed to the Public	Nothing to Report	
Section 122(e) Trafficking Victims Protection Act	Report on the number of suspected violations of the law reported, number of investigations, outcomes of those investigations, and recommended actions to improve programs and operations related thereto.	Nothing to Report	
10(c) of Executive Order 14074	Report the number of no-knock entries that occurred pursuant to judicial authorization or pursuant to exigent circumstances; and disaggregated data by circumstances for no-knock entries in which a law enforcement officer or other person was injured in the course of a no-knock entry.	Nothing to Report	



Table 1: Statistical Summary of Audit and Other Report Accomplishments (October 1, 2023, through March 31, 2024)

Accomplishment	SAR 88
Audit Reports Issued	9
Inspection Reports Issued	1
Other Products Issued	1
Questioned Costs (including Unsupported Costs)	\$2,500,000
Value of Recommendations for Better Use of Funds	\$0



Table 2. Statistical Summary of Investigative Accomplishments (October 1, 2023, through March 31, 2024)

The following pages present summary tables and tables containing statistical and other data as required, including under the Inspector General Act of 1978, as amended, other statutes and orders.

Accomplishment	Description of the Metric	SAR 88
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.	21
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	28
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	161
Investigative Reports Issued	Number of Reports of Investigation, Management information Reports, Flash Reports, or Urgent Fraud Alerts issued during the reporting period.	37
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.	28 Criminal 6 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.	21
Convictions/Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	19
Fines Ordered	Sum of all fines ordered during the reporting period.	\$14,400
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	\$1,230,927
Civil Settlements/ Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	0
Civil Settlements/ Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	\$0
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	\$0



Accomplishment	Description of the Metric	SAR 88
Forfeitures/Seizures	Sum of all forfeitures/seizures ordered during the reporting period.	\$561,767
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.	\$61,417,415
Suspensions and Debarment Referred to Department	Number of referrals made to the Department for consideration of Suspension and Debarment	9



Table 3: Audit and Other Reports Issued on Department Programs and Activities Including Questioned Costs, Better Use of Funds, and Whether a Management Decision Had Been Made by the End of the Reporting Period (October 1, 2023, through March 31, 2024)

Table includes Department office with responsibility for the report, questioned costs, unsupported costs, better use of funds, and resolution status per each report. Summaries and links to these reports were highlighted previously in this Semiannual Report to Congress.

Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
FSA	Audit A23FS0128	Final Independent Auditors' Report of Federal Student Aid's Financial Statement for Fiscal Year 2023 <i>Issued: November 16, 2023</i> <i>Status: Resolved</i>	\$0	\$0	\$0	22
FSA	Audit A19IL0103	Plaza College's Career Pathway Programs <i>Issued: November 28, 2023</i> <i>Status: Closed</i>	\$0.	\$0	\$0	0
FSA	Audit A19IL0102	Long Island Business Institute's Career Pathway Programs <i>Issued: November 29, 2023</i> <i>Status: Closed</i>	\$0	\$0	\$0	0
FSA	Audit A19IL0036	UEI College's Career Pathway Programs <i>Issued: February 5, 2024</i> <i>Status: Open</i>	\$0	\$0	\$0	5
OESE	Audit A22CA0095	Kentucky's Oversight of Local Educational Agency ARP ESSER Plans and Spending <i>Issued: October 12, 2023</i> <i>Status: Open</i>	\$0	\$0	\$0	3
OESE	Inspection I23DC0112	The Department's Approval of Alternate Assessment Waivers and Extensions <i>Issued: November 29, 2023</i> <i>Status: Resolved</i>	\$0	\$0	\$0	2
OESE	Audit A22IL0091	The Mississippi Department of Education's Implementation of Selected Components of Mississippi's Statewide Accountability System <i>Issued: March 21, 2024</i> <i>Status: Open</i>	\$0	\$0	\$0	5

Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
OESE	Audit A22CA0133	Illinois' Oversight of Local Educational Agency ARP ESSER Plans and Spending <i>Issued: March 27, 2024</i> <i>Status: Open</i>	\$0	\$0	\$0	2
OFO	Flash F23AS0141	U.S. Department of Education's Higher Education Emergency Relief Fund Audit Resolution Activities <i>Issued: November 15, 2023</i> <i>Status: Resolved</i>	\$0	\$0	\$0	2
OFO	Audit A23FS0127	Final Independent Auditors' Report of the U.S. Department of Education's Financial Statement for Fiscal Year 2023 <i>Issued: November 16, 2023</i> <i>Status: Resolved</i>	\$0	\$0	\$0	24
OFO/ OESE	Audit A19GA0098	Puerto Rico Department of Education's Use of Immediate Aid to Restart School Operations Program Funds <i>Issued: January 25, 2024</i> <i>Status: Open</i>	\$2,500,000	\$0	\$0	8
Total	11	-	\$2,500,000	\$0	\$0	73



Table 4. Audit and Other Reports Described in Previous Semiannual Reports and Resolved During the Reporting Period

Table includes the Department office responsible for the report, number of recommendations, and the value of the potential cost savings.

Office	Report Type and Number	Report Title	Number of Recs	Value of Potential Cost Savings
FSA	Audit A22FS0065	Final Independent Auditors' Report Fiscal Years 2022 and 2021 Financial Statements Federal Student Aid	21	\$0
FSA	Inspection I22NY0092	FSA's Outreach to Individuals in Underserved Communities	4	\$0
FSA	Audit A22NY0090	U.S. Department of Education's Oversight and Reporting of Proprietary Institutions' 90/10 Revenue Information	3	\$0
OCIO	Audit A23IT0118	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 for Fiscal Year 2023	6	\$0
OFO	Audit A22FS0064	Final Independent Auditors' Report Fiscal Years 2022 and 2021 Financial Statements U.S. Department of Education	21	\$0
Total	5	-	55	\$0



Table 5. Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed, Including Potential Cost Savings Associated with the Recommendations

Table includes the Department office responsible for the report, link to the report, number of open recommendations, and the value of the potential cost savings. The Department commented on all reports within 60 days of issuance.

Office	Report Type and Number	Report Title	Number of Open Recs	Value of Potential Cost Savings
FSA	Audit A19R0003	Federal Student Aid’s Contractor Personnel Security Clearance Process	1	\$0
FSA	Inspection I06S0001	Federal Student Aid Controls Over the School Verification Process	3	\$0
FSA	Audit A21FS0022	Final Independent Auditors’ Report of Federal Student Aid’s Financial Statements for Fiscal Years 2021 and 2020	0	\$0
FSA	Inspection I22DC0054	The Department’s Compliance with Experimental Sites Initiative Reporting Requirements	0	\$0
FSA	Audit A20GA0035	Federal Student Aid’s Transition to the Next Generation Loan Servicing Environment	2	\$0
FSA	Audit A22FS0065	Final Independent Auditors' Report Fiscal Years 2022 and 2021 Financial Statements Federal Student Aid	3	\$0
FSA	Inspection I22NY0092	FSA’s Outreach to Individuals in Underserved Communities	3	\$0
FSA	Audit A03I0006	Special Allowance Payments to Sallie Mae’s Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations	3	\$22,378,905
FSA	Audit A20IL0001	National Aviation Academy of Tampa Bay’s Use of Professional Judgment	3	\$115,776
FSA	Audit A20IL0005	Bais HaMedrash and Mesivta of Baltimore’s Use of Professional Judgment	3	\$236,235
OCIO	Audit A11T0002	The U.S. Department of Education’s Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2019	1	\$0

Office	Report Type and Number	Report Title	Number of Open Recs	Value of Potential Cost Savings
OCIO	Audit A11U0001	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2020	1	\$0
OCIO	Audit A23IT0118	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2023	3	\$0
OCTAE	Audit A04O0004	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds	9	\$97,481
OESE	Audit A05S0001	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	3	\$0
OESE	Flash F19GA0027	Puerto Rico Department of Education's Unallowable Use of Temporary Emergency Impact Aid for Displaced Students Program Funds for Payroll Activities	2	\$0
OESE	Audit A21IL0034	Effectiveness of Charter School Programs in Increasing the Number of Charter Schools	3	\$0
OFO	Audit A21FS0021	Final Independent Auditors' Report of the U.S. Department of Education's Financial Statements for Fiscal Years 2021 and 2020	0	\$0
OFO	Audit A22GA0050	U.S. Department of Education's Compliance with Improper Payment Reporting Requirements for FY 2021	1	\$0
OFO	Audit A22FS0064	Final Independent Auditors' Report Fiscal Years 2022 and 2021 Financial Statements U.S. Department of Education	1	\$0
OFO	Audit A23NY0119	U.S. Department of Education's Compliance with Payment Integrity Information Reporting Requirements for Fiscal Year 2022	2	\$0



Office	Report Type and Number	Report Title	Number of Open Recs	Value of Potential Cost Savings
OFO	Audit A05D0017	University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project	4	\$1,018,212
OPEPD	Audit A09R0008	Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints	2	\$0
OSERS	Inspection I22NY0084	Implementation of the Significant Disproportionality in the Individuals with Disabilities Education Act Final Regulations	2	\$0
Total	24	-	55	\$23,846,609



Table 6A. Peer Review Results - Reviews of OIG Operations Completed During the Reporting Period

Summary of Peer Review

During this reporting period, the National Aeronautics and Space Administration Office of Inspector General (NASA OIG) completed its quality assessment review of our investigative organization. NASA OIG determined that our system of internal safeguards and management procedures for our investigative functions comply with the quality standards established by the Council of the Inspectors General for Integrity and Efficiency and applicable guidelines and statutes. The report was issued on October 4, 2023, and is available [here on our website](#).

Table 6B. Peer Review Results - Reviews of other Offices of Inspector General Completed by the OIG During the Reporting Period

Summary of Peer Review

During this reporting period, the OIG conducted a peer review of the system of quality control for the audit organization of the National Science Foundation Office of Inspector General (NSF OIG) in effect for the year ended September 30, 2023. NSF OIG received an external peer review rating of pass. The report was issued on March 15, 2024, and is [available here](#) on the NSF OIG website.



Table 7. Summaries of Significant Investigations Closed October 1, 2023–March 31, 2024

The following are significant OIG investigations that were closed during the reporting period. The OIG defines significant as an investigation that involves one or more of the following: (1) at least \$1 million in Federal funds; (2) resulted in a prison sentence of at least 10 years; (3) involves a Department employee, contractor, or subcontractor or (4) involves public corruption involving a school official or employee, grantee, subgrantee, public official, or other person in a position of public trust.

Case	Subject	Summary
Former Food Services Vendor for Hempstead Union Free School District Sentenced in \$280,000 Kickback Scheme (New York)	K-12 Fraud	This SAR, page 28
President of Youth Policy Institute Pled Guilty to Embezzlement, Fraud Charges (California)	K-12 Fraud	This SAR, page 26
Owner of Virginia Prep Sports Academy Sentenced in Forgery Scheme (Virginia)	Student Aid Fraud	This SAR, page 17
Former Executive Director of Lessie Bates Davis Neighborhood House Sentenced for Embezzlement (Illinois)	Student Aid Fraud	SAR 82 , page 30
Former Bookkeeper for the Barnstead and Hampton School Districts Sentenced for Stealing More Than \$131,000 (New Hampshire)	K-12 Fraud	SAR 87 , page 30



FY 2024 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 2024.

- Implementing Pandemic Relief Laws for Elementary and Secondary Education
- Implementing Pandemic Relief Laws for Higher Education
- Oversight and Monitoring of Student Financial Assistance Programs
- Oversight and Monitoring of Grantees
- Data Quality and Reporting
- Improper Payments
- Information Technology Security

Copies of our Management Challenges reports are available on our website oig.ed.gov.





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