



# Semiannual Report to Congress, No. 89

April 1, 2024–September 30, 2024

U.S. Department of Education  
Office of Inspector General

## **Office of Inspector General**

**Sandra D. Bruce**  
**Inspector General**

**November 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 April 1, 2024, through September 30, 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 important Department activities and programs, including those involving pandemic relief aid, student financial aid, K–12 education, rehabilitation services, whistleblower protections for contractors and grantees, and our statutory reviews of the Department's and Federal Student Aid office's (FSA) information security programs and practices and the Department's compliance with improper payment reporting requirements. We also continued our work to identify and stop fraud, waste, abuse, and other criminal activity involving Department funds, programs, and operations. This included new outreach efforts to help everyone—from school officials and employees to students and families—

identify and report education-related fraud to the OIG. Finally, we continued to connect and collaborate as a team across our components to implement innovative processes that leverage technology, foster strategic thinking, and advance our organizational effectiveness. I believe the work we highlight in this report shows the positive impact of those efforts.

In our audit-related work, we issued 18 reports, offering 69 recommendations aimed at improving Federal education programs and operations. Examples of this audit work are highlighted below.

- Our statutory fiscal year (FY) 2024 Federal Information Security Modernization Act of 2014 (FISMA) review determined that the Department's security program and practices were operating at an effective level of security. The auditors did identify areas needing some improvement and made 10 recommendations to assist the Department with increasing the effectiveness of its information security programs.
- For FY 2023, our statutory review found that the Department complied with the reporting requirements mandated by the Improper Payment Integrity



Information Act of 2019; however, it could improve its processes for implementing methodologies for computing improper and unknown payments. For example, the Department's improper payment and unknown payment estimates for the Improving Basic Programs Operated by Local Educational Agencies and Education Stabilization Fund programs were produced from incomplete Stage 1 sampling populations. An incomplete Stage 1 sampling population of drawdowns could affect the accuracy of the confidence intervals for the improper payment and unknown payment estimate. We made five recommendations to help the Department improve its processes.

- We issued the first in our series of audits examining selected States' administration of Emergency Assistance to Nonpublic Schools (EANS) program grants. The audit involved the Florida Department of Education (FDOE) and determined that although the actions FDOE took to assess nonpublic schools' eligibility for EANS-funded services and assistance in the first round of program implementation were generally adequate, it did not have written procedures for its application review and approval processes. We determined that FDOE's application in the second round of program implementation was not adequate because it included instructions that allowed nonpublic schools to use proportionality data as one of five data source options for determining the number of students enrolled in their school that were from low-income families. As a result, FDOE allocated some \$34 million in EANS funds for services and assistance to 73 schools that may not have been eligible for those services or assistance. We also identified issues with FDOE's EANS expenditure and inventory processes. We made four recommendations to FDOE to improve the administration and oversight of the EANS programs.
- Our inspection to determine whether the Department ensured that contractors and grantees notified employees in writing of the whistleblower protections provided under 41 U.S.C. 4712 found that it did not adequately do so. The Department did not always include the required contractor employee whistleblower protections clause in contract awards, did not include a sufficient reference to whistleblower protections in its Grant Award Notifications, and did not have a process in place to ensure that contractors and grantees actually notified their employees of the whistleblower protections. We made four recommendations to improve the Department's activities relating to its compliance with whistleblower protection requirements for contractor and grantee employees.
- Our inspection to determine whether FSA established performance measures and indicators for returning borrowers to repayment found that FSA needs to establish effective performance measures and indicators to evaluate its performance. Although FSA and the Office of the Under Secretary established operational and strategic objectives and operational goals for returning borrowers to repayment, they were not written in specific and measurable terms. In addition, although FSA identified several data metrics as performance measures and indicators for returning borrowers to repayment, they did not include clearly defined targeted percentages, numerical values, milestones, or measurements. Without effective performance measures and indicators, FSA is unable to assess whether it has made progress toward achieving its goals and objectives or if adjustments are needed to improve its performance. We made three recommendations to address the issues identified.



- Our audit to determine whether FSA was effectively implementing the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act and the FAFSA Simplification Act provisions pertaining to Federal Taxpayer Information (FTI) through its Student Aid and Borrower Eligibility Reform (SABER) initiative found that FSA did not effectively do so. FSA did not effectively perform implementation activities for the four FTI-related SABER systems that we reviewed as it did not always perform key steps or could not provide sufficient evidence to support completion of such key steps. These key steps pertained to FSA’s establishing and monitoring of costs and budgets, its oversight of contractors, and its management of the risks, decisions, and issues pertaining to the systems’ implementation. Not performing the key steps increases the risk of project cost overruns; of contractors not providing deliverables timely or being paid for deliverables that were never produced; and of FSA not having knowledge of whether risks, decisions, and questions are being addressed timely or at all, which can negatively impact system implementation efforts and results, including processing FAFSA forms and transmitting the Institutional Student Information Record to schools, States, and scholarship agencies. We made six recommendations to address the issues identified.

In addition to issuing audit-related reports, we completed 30 quality control and desk reviews of required audits submitted by recipients of Department funding, issued CPA-24-01—Revised Audit Submission Due Dates and Related Party Footnote Requirements for Proprietary and Foreign Schools and provided training to officials from other agencies with responsibilities for updating the Office of Management and Budget (OMB) Compliance Supplement that covered how agencies can

identify key compliance requirements to subject to audit that meet OMB’s standards for inclusion in the single audit. You will find more on this work beginning on page 31.

In our investigative work, we closed 64 investigations involving fraud or corruption and secured more than \$31 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 who cheated students and taxpayers. Our investigative work included the following.

- The former Senior Director of Fiscal Services for the Magnolia School District in California was sentenced to prison for embezzling more than \$16 million from the district over several years. The former official made unauthorized payments to themselves with district funds that were deposited into their personal bank account and spent on items such as a million-dollar home, an expensive car, luxury items, and cosmetic procedures.
- The former Assistant Dean and two former employees of a graduate school in New Jersey pled guilty to embezzling more than \$1.3 million from the school. From 2009 through 2022, the former Assistant Dean used their position and access to the school’s finances to run various scams, including directing a school vendor to pay the two employees as though they worked for the vendor (even though they did not perform any services) and caused the vendor to submit false invoices to the graduate school in order to reimburse the vendor for the amounts fraudulently paid to the two employees.
- A former employee of Silver River Mentoring and Instruction—an alternative school for middle and high school students in Florida—was sentenced for stealing more than \$616,700. From 2016 through 2023, the employee handled the





payroll at the school and gave themselves 137 unauthorized paychecks by logging false information into the school's accounting software and receiving the paychecks through wire transfers.

- Prosecutive actions were taken in several of our investigations involving student aid fraud rings—large, often loosely affiliated groups of criminals who seek to exploit distance education programs to fraudulently obtain Federal student aid—including guilty pleas by members of a fraud ring in California who used the identities of prison inmates to obtain nearly \$1 million in Federal student aid. Specific to fraud rings, we also issued new student aid fraud ring awareness materials for school administrators and the public, including an Eye on ED podcast episode.
- The International Diving Institute (IDI) in South Carolina agreed to pay nearly \$311,000 to settle claims that it violated the False Claims Act. The school's chief executive officer allegedly told an employee that they would be paid performance bonuses of \$300 for every student enrolled into IDI above the annual baseline of 120 students, a violation of the incentive compensation ban. IDI subsequently issued checks to an employee listed as "bonuses" in its financial records.
- A woman pled guilty to fraud charges involving more than \$285,400 in Federal student aid. From 2019 through 2022, the

woman represented herself as someone who could help students apply for Federal student aid. Instead, she used the identities provided to her to enroll the unwitting students in online classes at several schools and pocketed the student aid award balance once received.

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 the Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424), 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 the assurance that the Federal government is using their hard-earned money effectively and efficiently.



**Sandra D. Bruce**  
Inspector General

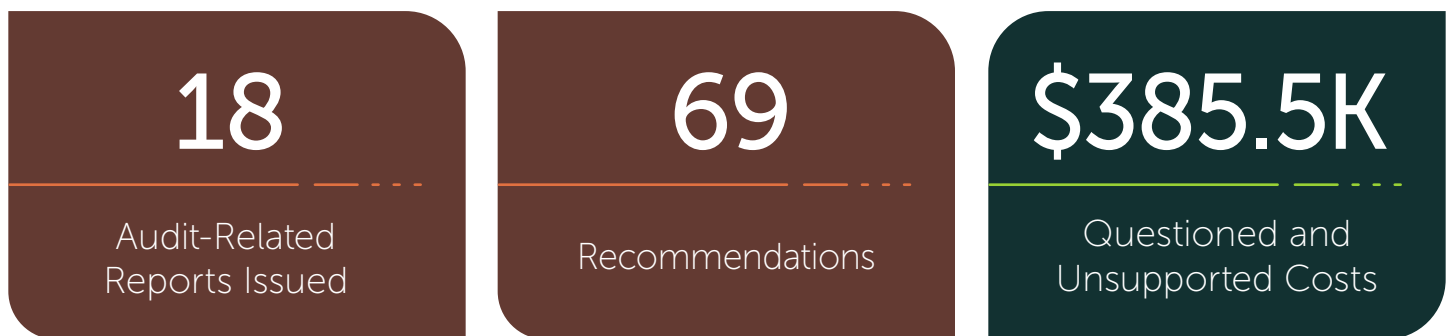


# Summary of Results

## Investigative Accomplishments



## Audit-Related Accomplishments



### Audit-related reports issued by component

FSA	4
OCIO	2
OESE	9
OFO	2
OSERS	1

### Recommendations Where Corrective Actions Have Not Yet Been Completed

Reports	23
Recommendations	60
<b>Potential Cost Savings</b>	<b>\$23.7m</b>



# TABLE OF CONTENTS

<b>Pandemic Relief Aid Oversight</b>	<b>2</b>
Reports	3
Investigative Outreach Efforts	8
Pandemic Response Accountability Committee	10
Other Activities	11
<b>Disaster Recovery Oversight</b>	<b>12</b>
Investigative Outreach Efforts	13
Other Activities	13
<b>Federal Student Aid Programs and Operations</b>	<b>14</b>
Reports	15
Investigations and Outreach	19
Other Activities	24
<b>Elementary and Secondary Education and Rehabilitation Services Programs</b>	<b>25</b>
Reports	26
Investigations	29
Other Activities	33
<b>Department Management and Operations</b>	<b>34</b>
Reports	35
Other Activities	40
<b>Other OIG Efforts</b>	<b>41</b>
Non-Federal Audit Activities	42
Additional Efforts	44
Other Activities	47
<b>Required Reporting</b>	<b>49</b>
Required Tables and Appendices	50
Required Reporting Tables	52







## **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 statutes 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, which included the 2021 Coronavirus Response and Relief Supplemental Appropriations Act or Coronavirus Supplemental Appropriations Act (December 2020) (CRRSA); and the American Rescue Plan (ARP) (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 nine reports specific to pandemic relief aid. A summary of the reports follows.

## FSA's Performance Measures and Indicators for Returning Borrowers to Repayment

Under the CARES Act, the Department suspended collections and interest charged on Department-held student loans beginning in March 2020. On June 3, 2023, the Fiscal Responsibility Act of 2023 ended the suspension of payments on Department-held student loans, with payments due starting in October 2023. According to FSA, there were approximately \$1.63 trillion in outstanding loans and 43.4 million total unduplicated recipients as of June 30, 2023.

We conducted an inspection to determine whether FSA established performance measures and indicators for returning borrowers to repayment. We found that FSA needed to establish effective performance measures and indicators to evaluate its performance for returning borrowers to repayment. Although FSA and the Office of the Under Secretary established operational and strategic objectives and operational goals for returning borrowers to repayment, they were not written in specific and measurable terms. In addition, although FSA identified several data metrics as performance measures and indicators for returning borrowers to repayment, they did not include clearly defined targeted percentages, numerical values, milestones, or measurements. Without effective performance measures and indicators, FSA is unable to assess whether it has made progress toward achieving its goals and objectives or if adjustments are needed to improve its performance. Overall, the lack of effective performance measures and indicators may negatively impact FSA's ability to effectively identify, analyze, and respond to risks related to returning borrowers to repayment. We made three recommendations to address the issues identified: that FSA (1) establish objectives for returning borrowers to repayment in specific and measurable terms, (2) establish effective quantitative or qualitative performance measures and indicators for returning borrowers to repayment, and (3) ensure

that appropriate control activities are designed and implemented to assess FSA's performance in returning borrowers to repayment. FSA agreed with our finding and agreed or partially agreed with our recommendations.

[Return to Repayment Report](#)

## Emergency Assistance to Nonpublic Schools Program

Congress approved \$5.5 billion in funding for States to provide services and assistance addressing educational disruptions caused by COVID-19 through the Emergency Assistance to Nonpublic Schools (EANS) program. Under the program, governors apply to the Department for formula grants for the purpose of providing emergency services or assistance to nonpublic schools. Although a governor applies for EANS funds and has oversight responsibilities as the grantee, the statutes require that the SEA administer the programs, which includes distributing information about the EANS program promptly to nonpublic schools in the State, and creating an application with which any eligible nonpublic school in the State may apply for services or assistance. As effective application and oversight processes help ensure that EANS funds are used to adequately address the needs of students, families, and educators in eligible nonpublic schools, we initiated a series of audits to determine whether selected SEAs designed and implemented (1) application processes that adequately assessed nonpublic schools' eligibility for EANS-funded services or assistance and complied with other applicable requirements and (2) oversight processes to ensure that EANS-funded services or assistance were used for allowable purposes. During this reporting period, we issued the first report in this series involving the Florida Department of Education (FDOE). Florida was awarded about \$434 million in EANS funds. Below you will find a summary of the report. We will summarize of the other reports in this series in future Semiannual Reports to Congress.

### Florida Department of Education

Our audit found that the actions that the FDOE took to assess nonpublic schools' eligibility for CRRSA EANS services and assistance and comply with other applicable requirements were generally adequate; however, it did not have written procedures for its CRRSA EANS application review and approval processes. Regarding FDOE's administration of ARP EANS, we found that the application that FDOE developed for nonpublic schools to apply for services and assistance did not ensure that it could use the application data to adequately assess nonpublic schools' eligibility. The ARP EANS application was not adequate because it included instructions that allowed nonpublic schools to use proportionality data as one of five data source options for determining the number of students enrolled in their school that were from low-income families. We also determined that FDOE's oversight of its CRRSA and ARP EANS expenditure and inventory processes needs strengthening. Specifically, FDOE did not have formal written procedures for its expenditure review and approval processes. Also, FDOE's processes did not ensure that it obtained prior approval from the Department before funding nonpublic school equipment purchases with a per unit cost of \$5,000 or more. Additionally,



FDOE did not ensure that it inventoried or tracked items, such as supplies, that were purchased with a per unit cost under \$5,000.

FDOE's improper use of proportionality data resulted in it allocating more than \$34.3 million in ARP EANS funds for services and assistance to 73 schools that may not have been eligible to receive ARP EANS services or assistance. Not having formal written policies and procedures for expenditure review and approval processes could lead to missed opportunities when identifying unallowable or questionable expenditures. Additionally, not having a process for obtaining prior approval increases the risk that Federal funds could be used for unallowable equipment or capital expenditure purchases. Finally, without a process for tracking and periodically checking on the use of EANS-funded purchases, FDOE does not have public control of all equipment and supplies purchased with EANS funds. We made four recommendations to FDOE to improve the administration and oversight of the EANS programs. FDOE did not state whether it agreed or disagreed with our recommendations, but described corrective actions it would take related to three of our four recommendations. [Florida EANS Report](#)

## ESSER Flash Reviews of Local Educational Agencies

Elementary and Secondary School Emergency Relief (ESSER) funds are intended to provide vital support to States, local educational agencies (LEA), and schools to address the impact of the coronavirus pandemic. Support, in part, includes activities designed to help students and educators safely return to and sustain in-person instruction, and that address the educational inequities exacerbated by the coronavirus pandemic and students' social, emotional, mental health, and academic needs. Ensuring that ESSER funds are used for allowable purposes is critical to help address the needs of students and educators. We conducted a series of reviews to determine whether selected LEAs expended ESSER grant funds for allowable purposes in accordance with applicable requirements. Below you will find the results of those reviews completed during this reporting period.

### Alaska LEAs:

#### *Anchorage School District, Matanuska-Susitna Borough School District, Lower Kuskokwim School District*

Our reviews determined that all the ESSER expenditures we reviewed for these school districts were allowable and in accordance with applicable requirements. We also found that school districts complied with key Federal procurement requirements, including those covering the procurement methods to be followed and contract cost, price, and provisions, when procuring the goods or services associated with each ESSER expenditure we reviewed. Because we identified no exceptions, our reports did not include recommendations. However, our results were limited to the ESSER expenditures we reviewed, and it is critical that any remaining ESSER funds expended by these school districts continue to be used appropriately.

[Anchorage Report](#), [Matanuska-Susitna Report](#), [Lower Kuskokwim Report](#)



## Iowa LEAs:

### *Des Moines Independent Community School District*

The Des Moines Community Independent School District (Des Moines) was allocated approximately \$142.9 million in ESSER funds to support 59 schools serving about 30,700 students. Our review determined that of the 20 expenditures that we reviewed, 17 were allowable and in accordance with applicable requirements. Two expenditures totaling \$164,580 were unallowable because they were for advertising and public relations costs prohibited under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and a portion (\$33,326) of the remaining expenditure totaling \$666,527 appeared to be allowable but Des Moines either did not pay or adequately support proof of payment for that portion (the other \$633,201 of this expenditure was both allowable and supported with documentation). We also identified a cash management issue related to the unsupported amount of \$33,326 because Des Moines was reimbursed by the ESSER grant for that amount before it had an immediate need for those funds. Lastly, we found that Des Moines complied with key Federal procurement requirements, including those covering the procurement methods to be followed and contract cost, price, and provisions, when procuring the goods or services associated with each ESSER expenditure we reviewed.

Payments made for prohibited advertising and public relations costs are considered improper payments. Without documentation to support proof of payment of the \$33,326 amount, we could not determine whether the payment was proper or improper, or made at all. Improper payments can negatively impact the integrity of Federal programs, erode public trust in a non-Federal entity such as an LEA, and waste taxpayer resources. With respect to cash management, it is critical that Des Moines and other LEAs not draw Federal funds before they have immediate need for the funds. The U.S. Treasury incurs additional borrowing costs when an LEA draws Federal funds in advance of its immediate cash needs because the U.S. Treasury often borrows the cash needed to fund Federal programs and, as a result, incurs interest costs. As such, we made four recommendations to address the unallowable and unsupported expenditures and the cash management issue that we identified to ensure that ESSER funds are used, documented, and managed in accordance with applicable requirements. [Des Moines Report](#)

### *Linn-Mar Community School District*

The Linn-Mar Community School District (Linn-Mar) was allocated approximately \$7.2 million in ESSER funds to support 12 schools serving about 7,700 students. We determined that all 20 (100 percent) ESSER expenditures that we reviewed for Linn-Mar were allowable. However, we found that Linn-Mar did not comply with key competitive procurement processes or documentation requirements when procuring the goods or services associated with 6 (40 percent) of the 15 non-personnel expenditures, totaling \$228,510 (49 percent) of the \$466,572 in non-personnel expenditures



reviewed. For these expenditures, Linn-Mar either did not use a competitive procurement process or failed to maintain documentation sufficient to support that a competitive procurement process was used.

It is critical that Federal grantees (and subgrantees) use and document a competitive procurement process when required to do so by Federal law or regulation. Without a competitive process, Linn-Mar (and by extension, taxpayers) might have paid more for the same goods and services when compared to other vendors. As such, we made two recommendations to address the procurement issues that we identified to ensure that ESSER funds are used, documented, and managed in accordance with applicable Federal requirements. [Linn-Mar Report](#)

### ***Southeast Polk Community School District***

The Southeast Polk Community School District (Southeast Polk) was allocated approximately \$6 million in ESSER funds to support 11 schools serving about 7,400 students. We determined that all 20 (100 percent) ESSER expenditures that we reviewed for Southeast Polk were allowable. However, for one expenditure totaling \$62,000 for school bus air conditioners, Southeast Polk did not award or maintain documentation supporting its awarding of a contract to the selected vendor, which did not comply with key procurement requirements. Without a contract stipulating the terms and conditions of the award for the school bus air conditioners, Southeast Polk might not be able to adequately monitor vendor performance or ensure that it receives what it paid for in terms of cost, quality, and timeliness of the product. We made one recommendation to address the procurement issue that we identified to ensure ESSER funds are used, documented, and managed in accordance with applicable requirements. [Southeast Polk Report](#)

### ***Burlington Community School District***

The Burlington Community School District (Burlington) was allocated approximately \$16.5 million in ESSER funds to support 8 schools serving about 3,300 students. We determined that all 20 (100 percent) ESSER expenditures that we reviewed for Burlington were allowable and in accordance with applicable requirements. We also found that Burlington complied with key Federal procurement requirements, including those covering the procurement methods to be followed and contract cost, price, and provisions when procuring the goods or services associated with each ESSER expenditure we reviewed. Because we identified no exceptions, our report did not include recommendations. However, our results are limited to the ESSER expenditures we reviewed, and it is critical that any remaining ESSER funds continue to be used appropriately. [Burlington Report](#)





## Investigative Outreach Efforts

During this reporting period, actions were taken in two investigative cases, including one case where that we assisted with as a part of the PRAC Fraud Task Force. Summary of those actions follow.

### **Two People Indicted on Fraud and Identity Theft Charges Involving \$150,000 Pandemic Relief Aid (Florida)**

A former official with an institution of higher education in Florida and a co-conspirator were indicted for their alleged roles in a fraud scam involving more than \$150,000 in pandemic-related emergency rental assistance funds. The former school official allegedly used their position and access to the school's financial aid data and internal management systems to obtain the personally identifiable information (PII) of people which the two used to fraudulently apply for and receive emergency rental assistance using the PII of those unwitting people. The two allegedly had the aid checks delivered to addresses they controlled and deposited the checks into bank accounts within their control.

### **Man Arrested for \$498,000 Pandemic Related Fraud (New York)**

As a result of the efforts of the PRAC Fraud Task Force, of which the OIG is a member, a man was arrested for fraudulently obtaining some \$498,000 from the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) Program. The man allegedly applied for an EIDL as a sole proprietor of a property management/realty business, completing forms allegedly containing materially false representations about his criminal history and gross revenues, including reporting to have \$675,000 in gross revenue from his sole proprietorship even though he was in prison for a previous felony at the time he claimed to have made the money, and he previously reported \$21,000 in earnings during 2019 when applying for unemployment benefits. The man allegedly did not use the proceeds of the SBA loan for its intended purpose; instead, he allegedly used the proceeds for personal expenses, including purchases on Amazon, eBay, and purchases from gold and jewelry companies and pawn shops.

## Continued Fraud Awareness and Outreach Efforts

During this reporting period, the OIG continued to distribute fraud awareness materials aimed at helping 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 Special Investigations Unit and 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

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The CARES Act established, within the Council of the Inspectors General on Integrity and Efficiency, 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) and State and local oversight efforts, and is a member of the PRAC Financial Sector Oversight Workgroup.

During this reporting period, the 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 and best practices, and to share information with State and local auditors, State treasurers, certified public accounting firms and Tribal oversight entities, the American Institute of Certified Public Accountants, GAO, other Inspectors General, and the National Association of State Auditors, Comptrollers, and Treasurers. These listening posts provide an open and safe discussion forum to facilitate collaboration and coordination of Federal, State, local, territorial, Tribal, and Single Audit oversight work. Perhaps best of all, they helped find solutions in real-time.

Also during this reporting period, the PRAC issued its [Semiannual Report to Congress](#), highlighting accomplishments and efforts to sustain the valuable fraud-fighting tools of the PRAC's data analytics center and expand its jurisdiction beyond pandemic relief funds. The PRAC also issued the first two chapters in its Blueprint for Enhanced Program Integrity series—best practices based on lessons learned from the pandemic to help program administrators develop and implement programs with strong internal controls. The first chapter focused on supporting Federal and State program administrators and highlight strategies and concrete steps from pandemic programs that can be adopted in current and future Federal programs that provide critical financial assistance and services across our nation. In this chapter, the PRAC compiled lessons learned from reports issued by the Federal and State oversight communities and interviews with key stakeholders, with a focus on program design and payment integrity. The second chapter focused on opportunities for policymakers to improve program integrity, highlighting recommendations to aid in preventing and detecting fraud and improper payments in government programs. Policymakers can adopt these strategies when drafting legislation and policy for emergency and regularly appropriated funding. Read the Blueprint Chapters on the [PRAC website](#).





## 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 and investigating 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.





## Investigative Outreach Efforts

During this reporting period, the OIG continued to promote its fraud awareness materials specific to disaster recovery. This included a [new information sheet](#) aimed at helping school officials and the general public identify and report education-related disaster fraud to the OIG. We also continued to promote our Eye on ED podcast episodes specific to disaster recovery, including an episode on identifying and reporting disaster recovery fraud in Spanish. These free materials 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 \$114 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 postsecondary education, and enforces compliance with FSA program requirements. During this reporting period, the OIG identified actions that FSA should take to address issues mentioned in the OIG reports highlighted below.

## FSA Transition Plans for Business Process Operations Vendors

FSA's Business Process Operations (BPO) project is part of its work to overhaul Federal student loan servicing. FSA planned to transition assigned activities to the BPO vendors in three phases: (1) non-servicing functional areas, such as Borrower Defense cases; (2) servicing specialty programs, such as Public Service Loan Forgiveness; and (3) recovery relating to certain collection and default activities, such as administrative wage garnishment. The BPO project is a significant part of FSA's effort to support efficient and effective operations across the entire student aid lifecycle. Collectively, these BPO contracts have a \$1.7 billion ceiling. The amount awarded under the contracts as of January 31, 2024, was \$148.7 million. Vendor performance is important to help advance FSA's strategic goal of improving customer service and outcomes for students and borrowers. We performed our audit to determine whether FSA has effective plans for transitioning assigned activities to its BPO vendors and the status of the transition. We found that FSA has not developed effective plans for transitioning assigned activities to its BPO vendors. Specifically, we found weaknesses related to FSA's schedule management and lifecycle management methodology (LMM) documentation and related reviews. This included LMM documentation not always including required signoffs or indicating that required steps were completed. We also determined that the non-servicing phase was fully transitioned in March 2022, but the planned transition of the servicing and recovery phases has been pushed back repeatedly. FSA plans the servicing phase to be transitioned by November 2024. There is no planned transition date for the recovery phase. Finally, we found that all of the BPO vendors initially struggled to meet non-servicing phase performance metrics. FSA revised the performance framework to lower targets for some metrics and remove others, which resulted in all vendors achieving passing scores.

As a result of the issues identified, FSA’s schedule management activities did not always provide an effective means to gauge progress, identify and resolve problems as they occurred, and promote accountability. By not following its LMM processes, FSA increased the risks with transitioning assigned activities and increased the odds of unsuccessful implementation of the non-servicing phase. Weaknesses in FSA’s transition planning along with changes in priorities by FSA’s senior management contributed to transition delays. This impacts FSA’s ability to effectively meet goals that include modernizing technology, processes, and operations; improving borrowers’ experiences and outcomes; and increasing oversight of student financial assistance programs. Lowering performance metrics may jeopardize business objectives by creating a lack of incentive to optimize vendor performance. We made eight recommendations to improve FSA’s ability to effectively transition the servicing and recovery phases to BPO vendors and to ensure that performance metrics are realistic and achievable, including that FSA ensure its LMM is followed for the remaining phases to be transitioned; continue to assess the Service Level Agreement (SLA) targets for non-servicing activities to ensure they are realistic and achievable while also providing FSA and its customers FSA’s desired level of service; and review specialty servicing and recovery related SLAs to ensure they are realistic and achievable before the activities are transitioned to the BPO vendors. FSA did not explicitly agree or disagree with our findings. FSA generally agreed with our recommendations and provided corrective actions that it has taken or plans to take in response to each recommendation. [BPO Report](#)

### **FSA’s Implementation of the FUTURE Act and FAFSA Simplification Act’s Federal Taxpayer Information Provisions through the Student Aid and Borrower Eligibility Reform Initiative**

The Student Aid and Borrower Eligibility Reform (SABER) initiative is a multi-project plan to address the legislative changes within the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act and the Free Application for Federal Student Aid (FAFSA) Simplification Act by implementing critical changes to FSA’s systems and processes. FSA created the SABER initiative to coordinate project implementation teams that depend on each other to make the critical changes work together and to protect applicant and borrower information by safeguarding FSA systems and processes. The FAFSA Simplification Act represented a significant overhaul of the processes and systems used by FSA to award Federal student aid, starting with the 2024–2025 award year. This included revising the FAFSA form, need analysis, and many policies and procedures for schools that participate in Federal student aid programs. According to FSA’s SABER Initiative Charter, the SABER initiative aligns with FSA’s strategic goals by modernizing the FAFSA form to improve the customer experience, automate processes, and ultimately reduce borrower default.

We conducted an audit to determine whether FSA was effectively implementing the FUTURE Act and the FAFSA Simplification Act provisions pertaining to Federal Taxpayer Information (FTI) through the SABER initiative. Our audit found that



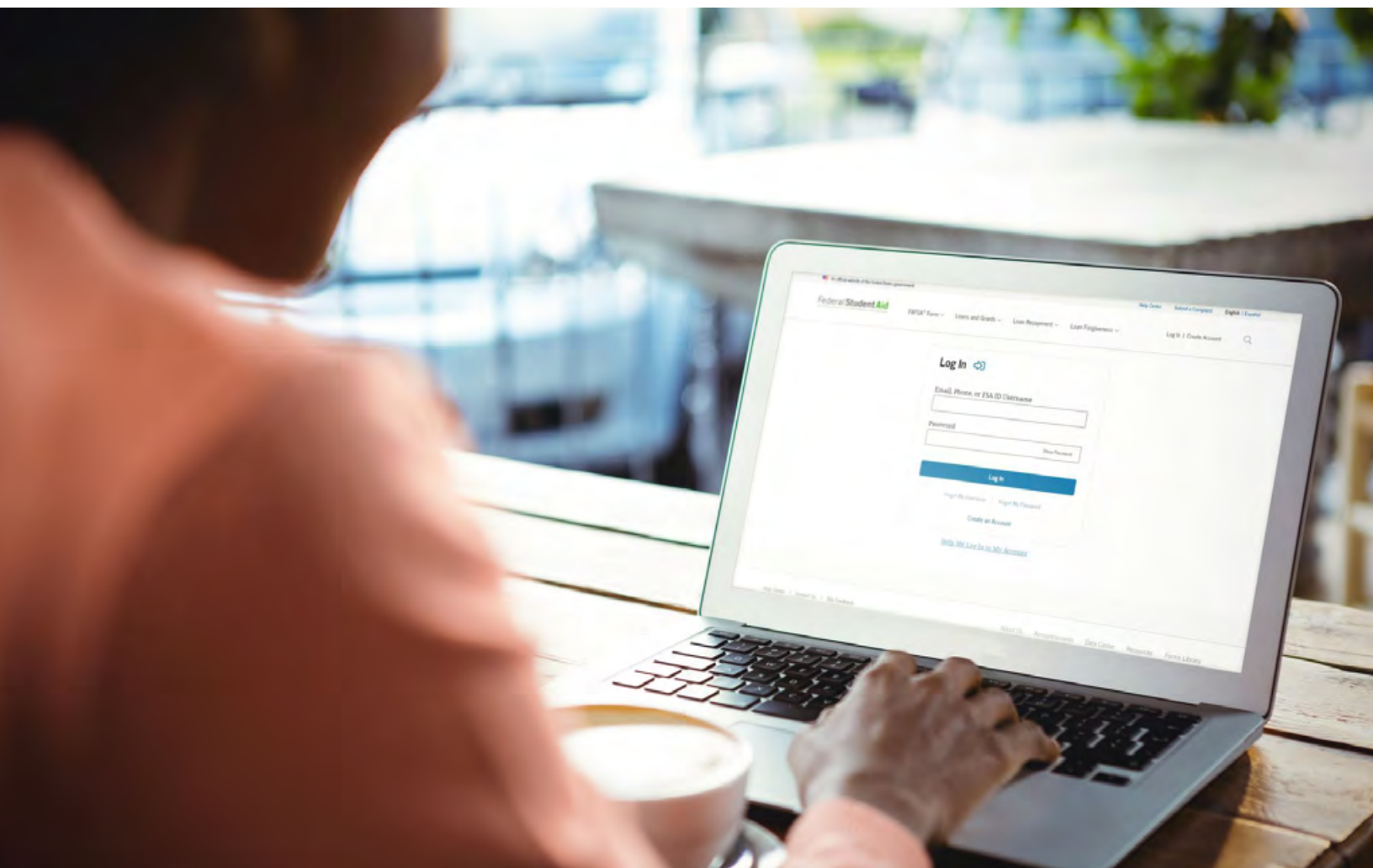
FSA did not effectively implement the FUTURE Act and the FAFSA Simplification Act provisions pertaining to FTI through the SABER initiative. Overall, FSA did not effectively perform implementation activities for the four FTI-related SABER systems that we reviewed in accordance with some of the processes for monitoring project costs and budgets, monitoring contracts, and managing risks that FSA established as part of an effective systems implementation framework because it did not always perform key steps or could not provide sufficient evidence to support completion of such key steps. Specifically, these key steps pertained to FSA's establishing and monitoring of the systems' costs and budgets, its performance oversight of the contractors responsible for implementing the systems, and its management of the risks, decisions, and issues pertaining to the systems' implementation. For the Internal Revenue Service (IRS) Publication 1075 "Tax Information Security Guidelines for Federal, State, and Local Agencies" security requirements that the IRS required FSA to implement prior to allowing the transfer of FTI to FSA systems, we found that FSA established and followed a plan to ensure that the security requirements were implemented. Additionally, we found that FSA adhered to its change management process for two FTI systems for which we tested a sample of one contract modification for each.

Not performing the key steps in the processes described above increases the risk of project cost overruns, such as the FTI Module contract that incurred \$3.04 million of costs within our scope period that were not planned in the original contract. There are also increased risks of contractors not providing deliverables timely or being paid for deliverables that were never produced. For instance, FSA did not include contractor deliverables in an attachment to the FTI Infrastructure contract. Consequently, FSA could not hold the contractors accountable for providing the deliverables, even though the contractor was still being paid. Lastly, incomplete information in the risk registers and decisions logs increases the likelihood of FSA not having knowledge of whether risks, decisions, and questions are being addressed timely or at all, which can negatively impact system implementation efforts and results, including processing FAFSA forms and transmitting the Institutional Student Information Record, to schools, States, and scholarship agencies. For 73 percent of the sample tested, we could not determine whether the risks were resolved timely because the applicable fields were not completed. We made six recommendations to address the issues identified, including that FSA ensure that budget requests and lifecycle cost estimates for SABER-related projects are submitted and approved in accordance with applicable policies and procedures, and that they are properly maintained; and that it ensure that all future SABER-related contract deliverables, including the FTI Infrastructure deliverables, are clearly defined in the contracts, related modifications, or as an attachment to contracts and related modifications to ensure proper tracking, monitoring, and contractor performance. FSA did not state whether it agreed or disagreed with the finding; however, it agreed or generally agreed with five of our six recommendations. [SABER Report](#)



## FSA ID Account Creation Summary Report

An FSA ID is a username created by students, parents, and borrowers to log in or interact with FSA websites, including online submissions of the FAFSA. Protecting these FSA IDs is important because personally identifiable information is used to create the FSA ID accounts for millions of citizens. We conducted a review to determine FSA's actions to mitigate risks associated with the verification of identities in the FSA ID account creation process. We found that although FSA has implemented controls to address identity verification risks associated with FSA ID account creation, it could take further actions by implementing preventive controls to better protect Title IV funds and the public from fraudulent activity, as we determined that approximately \$27.3 million in Federal student aid funds were disbursed to suspected fraudulent FSA ID accounts. Further, although we found that FSA had taken several steps to mitigate other risks to FSA ID accounts, these controls mitigate risks after the FSA ID account has been created and do not mitigate risk associated with the creation of the FSA ID account. We also identified a data reliability issue with the National Student Loan Data System data. We made two recommendations related to the FSA ID account creation process. In addition, we made one recommendation regarding the data reliability issue identified during the review. FSA agreed or partially agreed with our recommendations. [FSA ID Summary 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.

#### **Former Graduate School Assistant Dean and Two Former Employees Pled Guilty in \$1.3 Million Embezzlement Scheme (New Jersey)**

The former Assistant Dean and two former employees of a graduate school in New Jersey pled guilty to embezzling more than \$1.3 million from the school. From 2009 through 2022, the former Assistant Dean used her position and access to the school's finances to run various scams, including (1) directing a school vendor to pay the two employees as though they worked for the vendor (even though they did not perform any services) and caused the vendor to submit false invoices to the graduate school in order to reimburse the vendor for the amounts fraudulently paid to the two employees; (2) conspired with one of the employees to direct school vendors to order hundreds of thousands of dollars of gift cards and prepaid debit cards the conspirators used for their personal benefit, and then to submit fraudulent invoices to the school purporting to be for goods and services that were never provided. The three also misused the former Assistant Dean's school-issued credit card to purchase hundreds of thousands of dollars of gift cards and prepaid debit cards from the school's bookstore; (3) opened a shell entity, which never rendered any services to the graduate school, and then submitted fraudulent invoices totaling more than \$208,000; and (4) used school-issued credit card to make tens of thousands of dollars in

unauthorized personal purchases, including over \$70,000 in purchases from an online retailer that were shipped directly to their homes. [Press Release](#)

### **Student Recruiting Firm Sued by the United States for Causing Fraudulent Claims to Federal Student Aid Programs (Massachusetts)**

The U.S. Attorney's Office for the District of Massachusetts (USAO) filed a complaint under the False Claims Act against Study Across the Pond, LLC (SATP) and its principal for allegedly violating the Federal ban on incentive-based compensation for student recruitment. According to court documents SATP allegedly convinced foreign schools to enter into arrangements that violated the Federal ban on incentive-based compensation for student recruitment. It is alleged that SATP and its principal paid their employees to recruit American students to attend foreign schools in the United Kingdom (UK), and then required the schools to pay a commission when recruited students enrolled in the UK schools. The complaint alleges that based on this conduct, SATP and its principal knowingly caused UK schools to submit false claims to the Department. SATP and its principal also allegedly created sham records to hide these arrangements, and ultimately caused foreign schools to submit false claims to the Department. [Press Release](#)

### **International Diving Institute Agrees to Pay Nearly \$311,000 to Settle False Claims Allegation (South Carolina)**

The International Diving Institute (IDI) agreed to pay nearly \$311,000 to settle claims that it violated the False Claims Act. The school's chief executive officer allegedly told an employee that they would be paid performance bonuses of \$300 for every student enrolled into IDI above the annual baseline of 120 students, a violation of the incentive compensation ban. IDI subsequently issued checks to an employee listed as "bonuses" in its financial records.

## **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 large number of actions taken against fraud ring participants during this reporting period. In addition, during this reporting period the OIG issued an episode of its Eye on ED podcast series focused on student aid fraud rings, as well as two new information sheets aimed at helping schools identify and report possible fraud rings and one informing the public about them. These materials are available on [our website](#).

### **Leader, Ring Member Pled Guilty to Roles in \$980,000 Fraud Ring (California)**

In a recent [Semiannual Report to Congress](#) we highlighted our case involving three people who were indicted for their alleged roles in a fraud ring that used the identities of prison inmates to obtain more than \$980,000 in Federal



student aid. During this reporting period, two of those ring members pled guilty. From 2012 through 2017, the ring members obtained PII (including names and Social Security numbers) of State prison inmates and other victims and used this information to fraudulently enroll in community colleges. They then posed as straw students to apply for Federal student aid using the FAFSA and directed those funds to bank accounts they controlled. Those funds were used for personal expenses and were not used for permitted educational costs at a community college in Orange County.

### **Action Taken Against Another Member of \$550,000 Fraud Ring (Texas)**

In our last [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, a member of that ring was sentenced to serve 12 months and one day in prison, 2 years of supervised release, and was ordered to pay more than \$358,000 in restitution for their role in the scheme. 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, and 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.

### **Leader of Fraud Ring Indicted (Mississippi)**

A man was indicted for allegedly orchestrating a fraud ring that targeted online courses at Holmes Community College, Columbia College, and the University of Phoenix. From 2020 to 2023, the leader allegedly recruited people to act as straw students, providing him with their PII that he then used to prepare and submit school admissions and student aid application forms on their behalf, solely for the purpose of obtaining student aid, and none of the straw students intended to attend classes. Once the ring leader obtained the student aid award balance, he allegedly paid a portion of the money to the straw students for the use of their identities.

## **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.

### **Woman Who Represented Herself as Student Aid Advisor Pled Guilty in \$285,400 Fraud Scheme (Missouri)**

A woman pled guilty to fraud charges involving more than \$285,400 in Federal student aid. From 2019 through 2022, the woman represented herself as someone who could help students apply for Federal student aid, and with tax forms. Instead, she used the identities provided to her to enroll the



unwitting students in online classes at Colorado Technical University and the American Public University System. She completed admissions and student aid application forms with those identities, using bank account information within her control in order to pocket the student aid award balance. As a result of her fraudulent efforts, the woman obtained more than \$285,400 in Federal student aid. She also obtained some \$53,100 in the identities of others from fraudulently filed tax returns.

### **Former College Student Sentenced for Fraud (Arkansas)**

In a recent [Semiannual Report to Congress](#), we highlighted our case involving a woman who had pled guilty to theft involving more than \$165,000 in government benefits. During this reporting period, the woman was sentenced to 3 years of probation and was ordered to pay more than \$138,500 in restitution. Specific to ED, the former student falsified documents in order to obtain Federal student aid and grants to which she was not otherwise eligible to receive. This included false information on FAFSAs where she claimed to have graduated from at least five different schools, with diplomas that appeared to be from a diploma mill that she included in applications for admission and student aid applications for three schools in Arkansas: Pulaski Technical College, University of Arkansas at Little Rock, and the Arkansas School of Barbering and Hair Design. Beginning in 2005, the former student applied for and received benefits from the Social Security Administration (SSA) claiming a learning disorder. In 2016, an SSA employee learned that the former student was receiving disability funds for intellectual disability while also serving as the representative payee for SSA benefits for her mother, niece, and children. Aspects of her duties as a representative payee would not be possible for someone with a severe intellectual disorder. In 2018, SSA determined that the former student never should have been approved for benefits, citing her ability to be the representative payee for her 8 children, manage funds in excess of \$8,000 per month, negotiate 2 car loans and a home mortgage, and complete 24 college credits. As a result of the falsified information she presented on student aid applications and college admissions forms indicating the SSA disability, the former student received more than \$67,000 in student aid and grants.

### **Man Sentenced to Prison for Tax and Wire Fraud (Ohio)**

In our last [Semiannual Report to Congress](#), we highlighted a case involving a man who pled guilty to charges related to falsifying information on Federal student aid forms. During this reporting period, the man was sentenced to serve 30 months in prison for those charges and for 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. The man was ordered to pay more than \$1 million in fines and restitution, including \$14,700 to the U.S. Department of Education.

[Press Release](#)

### **Businessman Sentenced to Prison for Fraud (New Jersey)**

The former principal of Media Allies LLC was sentenced to serve 6 months in prison followed by 1 year of supervised release and was ordered to pay more than \$75,400 in restitution (including more than \$17,300 to the Department) for fraud. The businessman signed and filed IRS tax returns falsely stating that his business income was zero and his total income was zero, when, in fact, both the man and his company had substantial gross receipts in those tax years, as well as tens of thousands of dollars in gross income another year for which he failed to file a tax return. He also reported false information about his income in connection with his dependent child's FAFSA and other student aid forms, enabling his child to receive student aid to which the child was not entitled.

### **Business Owner Sentenced to Prison for Fraud (Illinois)**

The owner of a brokerage firm was sentenced to serve one month in prison, 12 months of probation to include two months of home confinement and was ordered to pay more than \$110,000 in restitution and fines for fraud. The business owner failed to provide her accurate income on FAFSAs for her four children, lying about her income which enabled her children to receive more than \$95,000 in Federal student aid and Supplemental Educational Opportunity Grants to which they were not entitled.

## **Student Loan Fraud Awareness and Prevention Materials**

During this reporting period, the OIG continued to promote its 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 produced two new Spanish-language products aimed at helping student loan borrowers ([college undergraduates](#) and [graduates](#)) protect themselves from student loan-related scams and identity theft. These materials 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 [free materials are available on our website](#).



## Other Activities

### Participation on Committees, Work Groups, and Task Forces

#### Federal Bureau of Investigation (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

The OIG provided comments on a draft Federal Student Aid System of Records Notice (SORN) recommending that the Department add a routine use to facilitate information sharing with other agencies in connection with fraud detection and investigation of HEA Title IV program funds. The Department accepted OIG's suggestion and added that routine use to this SORN.





## **Elementary and Secondary Education and Rehabilitation Services 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 and secondary education and rehabilitation services programs. First, we issued the second report in our series of audits on selected States' implementation of their statewide accountability systems. Second, we issued a report that sought to determine whether the Rehabilitation Services Administration had sufficient processes for overseeing Vocational Rehabilitation (VR) program grantees' effective use of funds in compliance with applicable requirements. Summaries of those reports follow.

## Implementation of Selected Components of Statewide Accountability Systems

The Elementary and Secondary Education Act of 1965 (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 its statewide accountability system. The Department must approve the plan before the State can receive funds, and the 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 obtain the Department's approval.

In our last [Semiannual Report](#), we reported the results of the first audit in our 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. That audit involved the Mississippi Department of Education. During this reporting period, we issued the results of our second audit in the series. That audit involved the Oregon Department of Education (ODE). Below you will find a summary of that audit's results. We will share the results of additional work in this series in future Semiannual Reports.

### The Oregon Department of Education's Implementation of Selected Components of Its Statewide Accountability System

The objective of our audit was to determine whether ODE implemented selected components of its statewide accountability system in the fall of 2022 based on data for school year 2021–2022. For the 2021–2022 Federal funding period, ODE was awarded about \$146 million in Title I, Part A funds. Section 1003 of the ESEA requires a State to reserve at least 7 percent of their Title I funds or the sum of the amount reserved for fiscal year 2016, whichever is greater, to provide technical assistance and support for LEAs with schools whose students are most in need of the additional support to improve their academic performance. Therefore, it is essential that the funds reach those students.

Our audit found that ODE implemented the indicators used to measure student academic achievement and school success, applied a system of annual

meaningful differentiation, and identified public schools as needing additional support and improvement in the fall of 2022 in accordance with Oregon’s approved State plan and amendment and ODE’s policies and procedures. We also found that ODE allocated additional funding to LEAs with schools identified in the fall of 2022 as needing additional support based on data for school year 2021–2022. While ODE implemented the selected components of the statewide accountability system in accordance with Oregon’s State plan, it did not identify one school that should have been identified for additional support and improvement. Additionally, ODE did not provide additional funding to one LEA with three schools that it identified as needing additional support. Finally, ODE did not keep records showing how it calculated the amount of Title I funds reserved under section 1003 of the ESEA that each LEA should receive or records showing that it provided additional support services, such as ongoing professional learning and networking, technical assistance, and coaching, to LEAs with schools that it identified as needing improvement.

Given our findings, stakeholders have reasonable assurance that ODE is implementing critical Title I-related components of Oregon’s statewide accountability system in accordance with the approved State plan and amendment and ODE’s policies and procedures. However, the LEAs and schools that were eligible for additional funding or support services but were not provided them did not have all the resources to which they were entitled and that were necessary to elevate their students’ academic performance. Additionally, stakeholders do not have sufficient assurances that ODE is providing LEAs and schools with all the ongoing professional learning and networking, technical assistance, and coaching they need to improve their students’ academic performance.

We recommended that the Department verify that ODE provided additional funding, support services, or both, to the LEAs that should have received them; designed and implemented policies and procedures for calculating the amount of reserved Title I funds to allocate to LEAs with schools identified as needing additional support; and is keeping records showing how it is calculating the amount of funds provided to each LEA and showing that it is delivering the additional support services that it promised the LEAs and schools. ODE agreed with each of our recommendations. [Oregon Report](#)

## **Rehabilitation Services Administration’s Oversight of the State Vocational Rehabilitation Services Program**

The State VR Services Program (VR program) under Title I of the Rehabilitation Act of 1973 assists individuals with disabilities to prepare for and engage in competitive integrated employment or supported employment and achieve economic self-sufficiency. The Rehabilitation Services Administration (RSA) awarded an average of \$3.5 billion in VR program grant funds to States annually from FY 2021 through 2023, based on a statutory formula that considers population and per capita income, and the States’ 1978 allotment. Effective use of these funds is critical to maximize individuals with disabilities’ employment,



independence, and integration into the community and the competitive labor market.

We performed this audit to determine whether RSA has sufficient processes for overseeing VR program grantees' effective use of funds in compliance with applicable requirements. We found that RSA generally had sufficient processes for overseeing State VR agencies' effective use of funds. These processes included communicating clear, accurate, and timely guidance and technical assistance to State VR agencies; performing annual reviews for all State VR agencies; and conducting periodic onsite and offsite monitoring for selected State VR agencies. However, we found that RSA could strengthen its oversight in key areas by developing documented procedures for its annual reviews, improving its risk assessment processes by incorporating a risk factor that accounts for a State VR agency's technical assistance needs, and establishing a reasonable period during which all State VR agencies must be subject to onsite or offsite monitoring at least once.

Without documented procedures for its annual review process, RSA reviewers might not fully understand expectations, resulting in inconsistencies in how the reviews are conducted. Further, internal controls can erode over time and implemented processes may be inconsistent with management's intentions. By not incorporating a risk factor related to an agency's technical assistance needs into its accountability model, RSA might unintentionally omit this factor from its annual risk assessment of agencies or place too little or too much weight on an agency's technical assistance needs when selecting agencies for monitoring. Additionally, without a reasonable time period during which all agencies must be monitored by RSA at least once, RSA may unintentionally overlook or exclude an agency from RSA monitoring over an extended period of time. We made two recommendations to improve RSA's ability to effectively oversee State VR agencies' effective use of VR program funds. We also suggested that RSA consider whether the Rehabilitation Act of 1973 should be amended to increase the likelihood that State VR agencies will be able to spend their entire VR program grant allocation, and, if so, submit a legislative proposal in accordance with the Office of Management and Budget Circular A-19, Legislative Coordination and Clearance. The Office of Special Education and Rehabilitative Services and RSA agreed with both of our recommendations but did not agree or disagree with our suggestion. [RSA Report](#)



# Investigations

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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 and contractors.

### **Former Magnolia School District Official Sentenced for Embezzling More Than \$16.4 Million (California)**

The former senior director of Fiscal Services for the Magnolia School District was sentenced to serve nearly 6 years in prison for embezzling more than \$16.4 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 over \$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. The former senior director was also ordered to pay more than \$16.6 million in restitution. [Press Release](#)

### **Former Silver River Mentoring and Instruction Employee Sentenced for \$616,000 Fraud Scheme (Florida)**

A former employee of Silver River Mentoring and Instruction—an alternative school for middle and high school students—was sentenced for stealing 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. The former employee was sentenced to serve 1 year in prison and was ordered to pay more than \$766,500 in restitution to school and forfeit more than \$616,700, which represents the proceeds of her crimes.

[Press Release](#)

### **Former Universal Companies Officials Sentenced to Prison for Conspiracy to Defraud the Government (Pennsylvania)**

In our last [Semiannual Report to Congress](#), we highlighted our case involving bribery and kickback scheme involving the owner and former chief executive officer and the former chief financial officer of Universal Companies and the former president of the Milwaukee Public Schools Board. The former board president previously 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 Universal Companies officials were sentenced for embezzling more than \$491,000 from the company and tax fraud. 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. The former chief executive officer was sentenced to serve 84 months in prison followed by 3 years of supervised release and was ordered to pay more than \$1.2 million in restitution. The former chief financial officer was sentenced to serve 18 months in prison followed by 1 year of supervised release and was ordered to pay more than \$196,900 in restitution. [Press Release](#)

### **Former Valentine Independent School District Official Indicted in \$317,300 Fraud (Texas)**

A former official with the Valentine Independent School District (Valentine ISD) was indicted on charges of theft and fraud involving more than \$317,300. The former official is alleged to have fraudulently and improperly used credit cards that were issued by Valentine ISD—cards that were intended for authorized purchases in his capacity as business manager and tax assessor/collector. Instead, he allegedly used the credit cards for hundreds of personal purchases, including but not limited to purchases for travel, lodging, home improvements, hardware store purchases, personal cell phone bills, fuel, oil changes, convenience store purchases, university tuition payments, and various other unauthorized purchases. Additionally, the former official is alleged to have accessed payroll information for several employees and former employees of the district in order to create fraudulent payroll payments that he sent to his personal bank account. The indictment alleges that he would change the direct deposit information for employees and former employees and replace such information with his own bank accounts' direct deposit information.

[Press Release](#)



### **Former Puerto Rico Department of Education Official and Contractor Sentenced for Roles in \$206,000 Fraud Scheme (Puerto Rico)**

In our last [Semiannual Report to Congress](#), we highlighted our case involving 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 who each plead guilty for their roles in a \$206,000 fraud scam involving Department of Education funds. During this reporting period, the two were each sentenced to 3 years of probation and were ordered to pay more than \$206,600 in restitution for their education-related fraud. 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 PRDE when in fact those services were never rendered. A third co-conspirator entered into a non-prosecution agreement for his role in the scam. In the agreement, the co-conspirator agreed to pay nearly \$60,000.

### **Former Officials of Now Defunct Bridges Academy Charter School Officials Pled Guilty to Theft Related to Inflated Student Enrollment (North Carolina)**

During this reporting period, the former operations director and the former finance officer of Bridges Academy charter school, which closed in 2021, pled guilty to charges of theft. From 2013 until 2021, the two submitted enrollment data to the North Carolina Department of Public Instruction (DPI) for students who did not actually attend the school. As a result of the inflated enrollment data, Bridges Academy received more than \$80,000 in Federal funds and more than \$404,000 in State funds to which it was not entitled. Further, the two also used the fraudulent enrollment data and money received related thereto to obtain a loan backed by the U.S. Department of Agriculture's (USDA) Rural Development Program, for the construction of an early learning center. As a result of the school's closure and the property's subsequent foreclosure, the USDA incurred a loss of more than \$1.1 million. In their plea agreements, the two were ordered to pay restitution to USDA, DPI, and the bank. Restitution for the Department will be determined at sentencing.

### **Founder of Now-Defunct Charter School Pled Guilty to Embezzling More than \$73,000 (New Hampshire)**

The founder of the Capital City Public Charter School pled guilty to embezzling more than \$73,000 from the school. The founder oversaw the school's finances and day-to-day operations, which included Federal charter school grant funds that were intended to be used solely for education-related expenses. In spring 2020, an external auditor detected irregularities with the school's finances. Specifically, the auditor determined that the founder had

spent some of the grant funds on expenses that were personal in nature, including gambling, dining, and travel, totaling more than \$73,000 in Federal grant funds. The school closed after the 2019–2020 school year.

[Press Release](#)

### **Former Puerto Rico Department of Education Contractor Enters into Pretrial Diversion Agreement (Puerto Rico)**

In previous [Semiannual Reports to Congress](#) we highlighted our case involving the former secretary of the Puerto Rico Department of Education who was sentenced to 6 months in prison for conspiring with others for using their positions to benefit and enrich themselves with Federal funds, specifically by awarding contracts through a corrupt bidding process. This included conspiring with the former managing partner at BDO, a PRDE contractor who (despite express prohibitions in the contracts) utilized the influence of a lobbyist and acted as an intermediary for BDO to obtain government contracts totaling more than \$15 million—for which he is alleged to have received more than \$220,000 in commissions. During this reporting period, that former BDO executive entered into a pretrial diversion, where he agreed to a 12-month prohibition from entering into contracts or subcontracts with the PRDE and a voluntary exclusion and debarment as a service provider for all Federal, local, or Puerto Rico government entities.

### **Former School District Encumbrance Clerk Indicted for Theft (Oklahoma)**

A former encumbrance clerk at Hulbert Public Schools, was indicted on theft charges. The former clerk allegedly conspired with a former school treasurer to abuse their positions and responsibilities for managing the school district's finances to fraudulently award themselves payments in excess of their contracts.

### **Former Nonprofit Employee Enters into Deferred Prosecution Agreement After Fraudulently Receiving \$42,000 from Title I School Improvement Grant (New York)**

A former employee with the Economic Opportunity Council (EOC), a non-profit organization providing assistance to the Central Islip Union Free School District (CIUFSD), entered into a deferred prosecution agreement for fraudulently receiving more than \$42,000 from CIUFSD's Title I School Improvement Grant. While employed at the EOC, the woman sought to be hired as a consultant for the CIUFSD. She was informed that she would have to resign from her role at EOC to take on the position. The woman, however, took on the position without resigning from the EOC and continued to receive her salary from EOC while billing CIUFSD as a consultant for overlapping work. She also provided false information on her resume to make it appear she had the educational requirements for the position. In the agreement, the woman agreed to pay some \$37,000 in restitution.



## 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 combatting 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 PRDE, and the recommendations we made to improve those weaknesses

#### Grant Fraud Working Group

The OIG is a member of this working 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

OIG work completed over the last 6 months in this area includes statutory audits involving information technology security, improper payments, and the Department's compliance with whistleblower protection information specific to contractors and grantees. Summaries of this work follow.

## Information Technology Security

The E-Government Act of 2002 recognized the importance of information security to the economic and national security interests of the United States. The Federal Information Security Modernization Act of 2014 (FISMA) amends FISMA 2002 by providing several modifications that modernize Federal security practices to address evolving security concerns. These changes result in less overall reporting, strengthen the use of continuous monitoring in systems, increase focus on the agencies for compliance, and result in reporting that is more focused on the issues caused by security incidents. FISMA 2014 also required the Office of Management and Budget (OMB) to amend and revise OMB Circular A-130 to eliminate inefficient and wasteful reporting and reflect changes in law and advances in technology. FISMA requires OIGs to assess the effectiveness of the agency's information security program. It specifically mandates that each independent evaluation include a test of the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems and an assessment of the effectiveness of the information security policies, procedures, and practices of the agency.

Our FY 2024 FISMA review used the 2023–2024 Inspector General FISMA Reporting Metrics to evaluate the effectiveness of the Department's information security program and practices. The Inspector General FISMA reporting metrics are organized around the five security functions—Identify, Protect, Detect, Respond, and Recover—as outlined in the National Institute of Standards and Technology (NIST)'s cybersecurity framework. The audit team assessed the Department's progress at improving the maturity of its security program and practices. It focused on five security functions and nine associated metric domains for cybersecurity management using criteria outlined in the FY 2023 Inspector General FISMA metrics developed by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and issued by OMB. The five functions and their associated metric domains were (1) Identify (Risk Management, Supply Chain Risk Management); (2) Protect (Configuration Management, Identity and Access Management, Data Protection and Privacy, and Security Training); (3) Detect (Information Security Continuous Monitoring); (4) Respond (Incident Response); and (5) Recover (Contingency Planning). Using this framework, we assessed the effectiveness of each security function using maturity level scoring prepared in coordination with the CIGIE, OMB, and the U.S. Department of

Homeland Security. The scoring distribution is based on five maturity levels: (1) Ad-hoc, (2) Defined, (3) Consistently Implemented, (4) Managed and Measurable, and (5) Optimized. Level 1, Ad-hoc, is the lowest maturity level and Level 5, Optimized, is the highest maturity level. For a security function to be considered effective, an agency's security programs must score at or above Level 4, Managed and Measurable.

### **FY 2024 FISMA Results**

For FY 2024, the audit team determined that the Department's overall information technology security program and practices are effective as eight out of the nine FISMA domains met the requirements needed to operate at a Level 4 maturity rating (Managed and Measurable) or higher. The auditors also identified a total of six conditions across the nine FISMA domains indicating potential areas of improvement. The identified conditions were evaluated from a risk-based standpoint and within the context of the overall information security program to determine their root cause and associated level of risk. The audit team made 10 recommendations to assist the Department with increasing the effectiveness of its information security programs. [FISMA Report](#)

## **Department's Incident Response Coordination Efforts Summary Report**

FISMA requires agencies to create and maintain a formal Incident Response plan to effectively respond to and report any security incidents. It also requires agencies to report major information security incidents as they occur, as well as data breaches to Congress, both as they occur and annually. It also requires Federal agencies to comply with information security standards and guidelines developed by NIST. We conducted an inspection to determine if the Department established and implemented controls throughout all phases of its incident response lifecycle to ensure compliance with Federal guidance and regulations. Although the Department established policies, procedures, and guidance governing its incident response program, we noted areas where it can improve its current process. Specifically, the Department did not (1) consistently follow Federal mandates or Departmentwide policies governing cyber attribution, (2) consistently include required documentation for all incidents, (3) ensure data loss prevention was properly configured, and (4) ensure data loss prevention incidents were closed based on adequate justification. We identified 6 conditions and made 12 recommendations to improve the Department's incident response program. In addition, we identified observations related to information technology contract inventory and the oversight and enforcement of Department security requirements. Of the 12 recommendations made, the Department agreed with 4 of them, partially concurred with 4 of them, and did not concur with 4 of them (although subsequent actions taken met the intent of 2 of them). [Summary Report](#)



## Improper Payments

Improper payments—payments that should not have been made or were made in the incorrect amount—have consistently been a governmentwide priority and taking actions to reduce them is a requirement for Federal agencies. In March 2020, the Payment Integrity Information Act of 2019 (PIIA) was signed into law in an effort to improve governmentwide efforts to identify and reduce improper payments. The PIIA requires each agency, in accordance with guidance prescribed by the OMB, to periodically review all programs and activities that the agency administers and identify all programs and activities that may be susceptible to significant improper payments. For each program and activity identified as susceptible to significant improper payments, the agency is required to produce a statistically valid estimate, or an estimate that is otherwise appropriate using a methodology approved by OMB, of the improper payments made by each program and activity and include those estimates in its annual Agency Financial Report. To comply with the PIIA, an agency must meet six specific requirements; if it does not meet one or more of these requirements, then it is considered not compliant. The PIIA also requires each agency's inspector general to determine the agency's compliance with the statute in each fiscal year. As part of the review, the law requires the inspector general to evaluate the accuracy and completeness of the agency's reporting and its performance in preventing and reducing improper payments. Below you will find the results of our FY 2023 review.

### Department's Compliance with Improper Payments Requirements for FY 2023

We found that the Department complied with the PIIA for the FY 2023 reporting period because it met all six compliance requirements. However, we found that the Department could improve its processes for implementing its methodologies for computing improper payments and unknown payments. Specifically, the Department's improper payment and unknown payment estimates for the Improving Basic Programs Operated by Local Educational Agencies (Title I) and Education Stabilization Fund (ESF) programs were produced from incomplete Stage 1 sampling populations. An incomplete Stage 1 sampling population of drawdowns could affect the accuracy of the confidence intervals for the improper payment and unknown payment estimate.

Further, we determined that the point estimates reflect the annual improper payment and unknown payments—the Department's improper payment and unknown payment estimates for five programs were not reliable because of issues in the calculation of the confidence intervals. Specifically, the improper payment and unknown payment estimates for the Title I, ESF, and the Individuals with Disabilities Education Act Part B (Special Education) programs were based on inaccurate Stage 2 sampling populations. This inaccuracy affected the reliability of the confidence intervals that the Department calculated for the three estimates. In addition, we identified errors in the

sample extrapolation spreadsheet that the Department used to calculate an improper payment and unknown payment estimate for the Special Education program. Finally, the improper payment sampling and estimation plans for the Federal Pell Grant and the William D. Ford Federal Direct Loan programs included nonrandom student-level sampling from some of the compliance audits FSA used to calculate the estimates, which affected the appropriateness of the confidence intervals used in the calculation of the improper payment and unknown payment estimates. The nonrandom student-level sampling issue has been a repeat finding since our report on the Department's compliance with improper payment reporting requirements for FY 2019. The point estimate for the improper payments or unknown payments is an estimate of the number of improper payments or unknown payments in the population; the point estimate is not the actual number of improper payments or unknown payments in the population. The computed confidence interval for the improper payment or unknown payment point estimate is a range which is expected to contain the true improper payment or unknown payment number in the population. Without an accurate confidence interval, the Department may not have a true sense of how high or low the improper payment or unknown payment amount could be in the population. This may limit its efforts to identify the true root causes of improper payments in the programs and take appropriate corrective action to prevent and reduce improper payments.

Based on our findings, we made five recommendations, including that the Department develop and implement procedures to ensure the sampling populations of drawdowns are complete and ensure changes made for the query design are implemented in subsequent years for programs that are required to produce an improper payment estimate; and for programs that require them, that the Department design and implement sampling and estimation plans that produce reliable estimates, and that include language stating why Stage 2 sampling populations may not match Stage 1 sampling populations and explaining the statistical impact of this on the estimates. The Department did not agree with all of our findings and recommendations.

[Improper Payments Report](#)

## Department's Compliance with Whistleblower Protections for Contractors and Grantee Employees

Congress enacted a pilot program in January 2013 to provide whistleblower protections to Federal contractor, subcontractor, and grantee employees under 41 U.S.C. § 4712 (Section 4712). In December 2016, the pilot program was made permanent and expanded to include employees of subgrantees and personal services contractors. These protections apply to all new solicitations, contracts, and grants awarded on or after July 1, 2013. Whistleblower protection is essential to safeguarding the public interest and promoting a culture of accountability and integrity. However, potential whistleblowers may fear retaliation and therefore be

reluctant to express legitimate concerns. Ensuring that employees understand the protections provided to them may play a significant role in fostering an environment where instances of improper behavior or actions can be raised for an appropriate and timely response.

During this reporting period, we completed an inspection to determine whether the Department ensured that contractors and grantees notified employees in writing of the whistleblower protections provided under Section 4712. We found that the Department did not adequately ensure that contractors and grantees notified employees in writing of the protections provided under Section 4712. Specifically, we found that the Department did not always include the required contractor employee whistleblower protections clause in contract awards, did not include a sufficient reference to whistleblower protections in its Grant Award Notifications, and did not have a process in place to ensure that contractors and grantees actually notified their employees of the whistleblower protections. If employees of contractors and grantees are not informed of the Section 4712 provisions, they may not be aware that the law protects them from retaliation for disclosing wrongdoing, and they may not inform the Department or other authorities of a contractor's or grantee's misconduct, making it more likely that fraud, waste, and abuse relating to Department contracts and grants will go undetected.

We made four recommendations to improve the Department's activities relating to its compliance with requirements relating to whistleblower protections for contractor and grantee employees. This included developing and implementing a process for ensuring that applicable employees receive written notification of their whistleblower protections and ensuring that Department acquisition staff are aware of applicable Department policies and Federal Acquisition Regulation requirements. The Department agreed or partially agreed with our findings and recommendations. [Whistleblower Compliance 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 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.

# Non-Federal Audit Activities

The Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424), requires that inspectors general take appropriate steps to ensure that any work performed by non-Federal auditors complies with government auditing standards. To fulfill these requirements, we perform a number of activities, including conducting desk reviews and quality control reviews of non-Federal audits, providing technical assistance, and issuing audit guides to help independent public accountants or audit organizations performing audits of participants in the Department’s programs.

## Desk Reviews and Quality Control Reviews

The OMB’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” requires entities, such as State and local governments, universities, and nonprofit organizations that spend \$750,000 or more in Federal funds in one year to obtain an audit, referred to as a “single audit.” Additionally, for-profit institutions, 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, we conduct quality control reviews of a sample of audits. We also perform 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 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 requires correction for the audit under review.

During this reporting period, we completed 19 desk reviews and concluded that 3 report packages (15.8 percent) contained quality deficiencies that affected the reliability of the audits and had to be corrected. In 10 report packages



(52.6 percent), we identified quality deficiencies that we brought to the attention of the auditor and auditee for corrective action in future engagements and we found no quality deficiencies in 6 report packages (31.6 percent).

We also completed 11 quality control reviews. For 6 audits (54.5 percent) we identified quality deficiencies that affected the reliability of the audit results and had to be corrected. In 5 audits (45.5 percent) we identified quality deficiencies that we brought to the attention of the auditor for corrective action in future engagements.

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 one recommendation to the Department to reject an audit report and the Department accepted our recommendation and rejected the audit report in question. We also referred that independent public accountant to the American Institute of Certified Public Accountants (AICPA) and to their State Board of Accountancy for possible disciplinary action, due to the independent public accountant's unacceptable audit work. During this reporting period, we received information from the AICPA regarding disciplinary action taken against an independent public accountant because of a previous referral involving two different quality control reviews. The AICPA suspended the independent public accountant's membership for one year and published information about the matter on its website.

## Technical Assistance

The OIG's Non-Federal Audit Team is 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 issued CPA-24-01—Revised Audit Submission Due Dates and Related Party Footnote Requirements for Proprietary and Foreign Schools, to independent public accountants communicating an amendment to the Title IV Audit Guide and Foreign School Audit Guide to address recent regulatory changes to the audit submission due dates and related party footnote requirements. Additionally, we provided training to officials from other agencies with responsibilities for updating the OMB Compliance Supplement. During the webinar, we covered how agencies can identify key compliance requirements to audit that meet OMB's standards for inclusion in the single audit.



## Additional Efforts

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

### New Products for the Public

Over the last 6 months, the OIG issued a number of products aimed at helping the public identify, avoid, and report fraud to the OIG, increase awareness of the mission and responsibilities of the OIG, and provide Presidential and congressional candidates and their staff with information on the OIG's authorities and efforts. This included information in English and Spanish. Summaries of and links to these products follows.

#### FraudGram Newsletter

In our last [Semiannual Report](#), we highlighted the release of our first FraudGram newsletter, designed to educate and alert the public to education-related schemes and scams. In July, we issued our [second FraudGram newsletter](#), which provided new information on scams as well as information on recent OIG criminal investigations, free resources to help the public identify fraud, and the importance of reporting fraud to the OIG.

#### Eye on ED Podcasts

Over the last 6 months, the OIG released two episodes in its Eye on ED podcast series. In May, we released our podcast on our non-Federal audit efforts—sharing information on its role in providing oversight, quality assurance, and producing critical materials and guidance to help non-Federal auditors conduct their reviews. And in September, we released a podcast on student aid fraud rings, aimed at helping schools and the public understand what they are, how they operate, and how to report fraud rings to the OIG. These podcasts, as well as all previously issued episodes, are available on [our website](#).

## Other New Materials

The OIG issued a number of additional new products during this reporting period. These included information sheets on [OIG's mission and operations](#) and our [authorities and responsibilities](#) aimed at helping the general public understand the role and work of the OIG; a [fraud indicators brochure](#) focused on helping the public identify and report Federal education fraud; two Spanish-language information sheets for [college students](#) and [college graduates](#) on student loan-related scams—what they look like, steps to take to avoid them, and what to do if you think you have fallen victim to a scam; two information sheets on student aid fraud rings, one for student aid administrators and another for the general public; information on identifying and reporting [education-related disaster fraud](#) to the OIG; two information sheets highlighting student aid fraud rings, one [for student aid administrators](#) and another [for the public](#); and a [toolkit for Presidential and Congressional candidates](#) with information on the OIG.

## Interviews

During this reporting period, Inspector General Sandra D. Bruce was a guest in the Federal News Network/Graduate School USA “The Search for Accountability” podcast series. Inspector General Bruce provided information on the role and mission of the OIG, and shared examples of our recent audit and investigative work. The 48-minute interview is available on the [Federal News Network website](#). Also, during this reporting period, OIG Assistant Inspector General for Investigation Services Jason Williams was a featured guest on Gray TV’s [Watching Your Wallet series](#), providing information on student loan scams—what they look like, how to avoid them, and tips on what people can do if they feel they have fallen victim to a student loan scam. The feature ran in more than 40 media markets.

## 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 Employee Engagement and Innovation (EEI) Committee. In May, to support the CIGIE’s efforts to enhance recruitment and hiring of a diverse workforce, the CIGIE held the second of its two FY 2024 career fairs in Washington, DC. Some 40 OIGs exhibited at the events, providing high school and college students, recent college graduates and other job seekers with information on their missions, work, and available career and internship opportunities. The fair featured a virtual component, where people from outside the Washington DC area heard about OIG career and internship opportunities in cities and states across the country.





In conjunction with the career fairs, the EEI Committee also released the CIGIE’s first-ever job recruitment video. The video is geared towards students, recent graduates, and other job seekers and shares information on what it’s like to work in the IG community. Telling that story are staff from across the IG community—different agencies and disciplines and covering a wide-range of OIG experiences—from Pathways interns and entry-level staff to senior staff and Inspectors General. The video can be found on the [CIGIE website](#). Due to the tremendous success of the CIGIE career fairs, additional fairs are scheduled for October 18 in Washington State, and on October 31 in Washington DC. A list of all CIGIE committees, subcommittees, and work groups where OIG staff serve can be found in the section below.





## 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 Employee Engagement and Innovation 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
  - Inspection and Evaluations Roundtable
  - 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 governmentwide 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 governmentwide 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
Department	U.S. Department of Education
FSA	Federal Student Aid
IG Act	Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424)
OCIO	Office of the Chief Information Officer
OCTAE	Office of Career, Technical, and Adult Education
OESE	Office of Elementary and Secondary Education
OFO	Office of Finance and Operations
OIG	Office of Inspector General
OSERS	Office of Special Education and Rehabilitative Services
Recs	Recommendations
SAR	Semiannual Report to Congress

## Definitions

Term	Definition
Audit Reports	Audit reports provide objective analysis, findings, and conclusions to assist management and those charged with governance with improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability.
Flash Reports	Flash reports are used to rapidly share value-added information related to Department programs or operations that focus on user needs while maintaining overall quality.
Inspection Reports	Inspection reports provide information or communicate a need for action related to the Department's programs or operations. They have targeted objectives to systemically and independently assess the design, implementation, and results of operations, programs, or policies.
Better Use of Funds	As defined by the Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424), better use of funds is the monetary amount for a recommendation made by the OIG that could result in funds being used more efficiently if management took actions to implement and complete the recommendation.
Questioned Costs	As defined by the Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424), questioned costs are identified during an audit, inspection, or flash review because of (1) an alleged violation of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) such cost not being supported by adequate documentation; or (3) the expenditure of funds for the intended purpose being unnecessary or unreasonable. OIG considers that category (3) of this definition would include other recommended recoveries of funds, such as recovery of outstanding funds or revenue earned on Federal funds or interest due to the Department.
Unsupported Costs	As defined by the Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424), unsupported costs are costs that, at the time of the audit, inspection, or flash review 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 (5 U.S.C. § 552) 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.



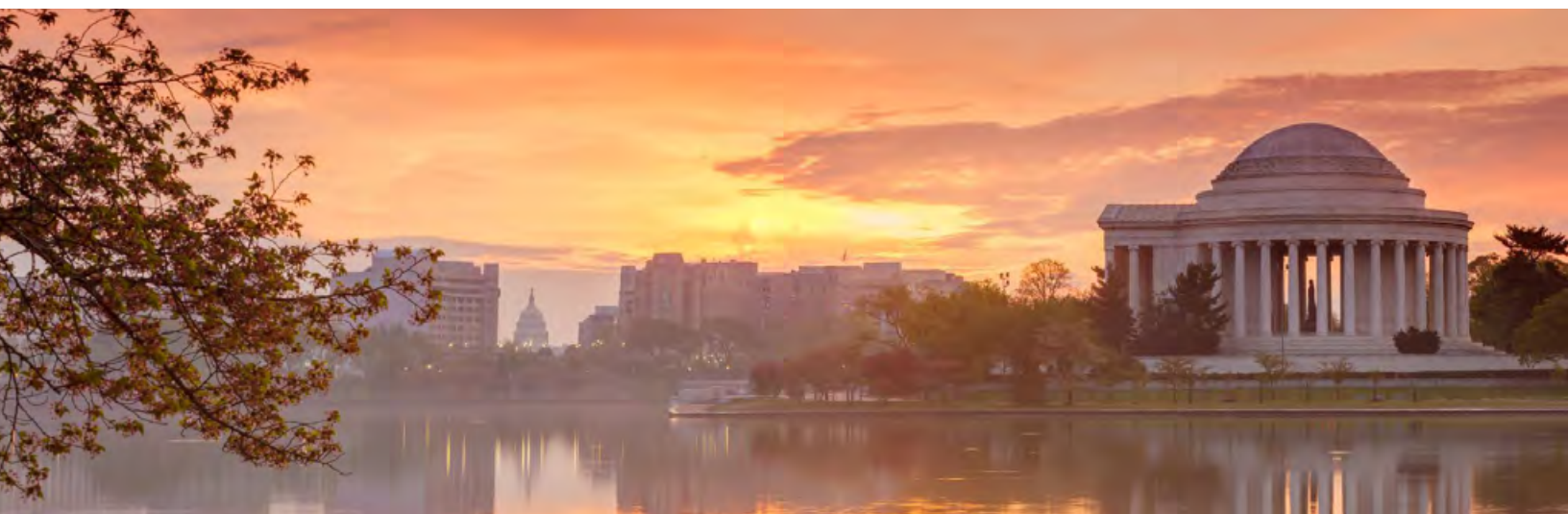
# Required Reporting Tables

The following pages present summary tables and tables containing statistical and other data as required, including under the Inspector General Act of 1978, as restated (5 U.S.C. §§ 401–424), and other statutes and orders.

Section and Statute or Order	Requirement	Table Number	Page Number
-	Statistical Summary of Audit-Related Accomplishments	1	54
-	Statistical Summary of Investigation-Related Accomplishments	2	55
Section 405(b) (1)(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	61
Section 405(b) (4)	Total Number of Convictions During the Reporting Period Resulting from Investigations (October 1, 2023, through March 31, 2023)	2	55
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, – March 31, 2023)	3	57
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	60
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	6	64
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	Nothing to Report	
Section 405(b) (17)	Investigative Reports Issued Number of Persons Referred to the U.S. Department of Justice Number of Persons Referred to State and Local Prosecuting Authorities Indictments and Criminal Informations that Resulted from Prior Referrals to Prosecuting Authorities	2	55



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	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	65
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	8	65
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 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	
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.	0/Nothing to Report	



**Table 1. Statistical Summary of Audit and Other Report Accomplishments (FY 2024)**

Accomplishment	SAR 88 (10/1/2023– 3/31/2024)	SAR 89 (4/1/2024– 9/30/2024)	FY 2024 Total
Audit Reports Issued	9	7	16
Inspection Reports Issued	1	3	4
Other Products Issued	1	8	9
Questioned Costs (including Unsupported Costs)	\$2,500,000	\$385,566	\$2,885,566
Value of Recommendations for Better Use of Funds	\$0	\$0	\$0





**Table 2. Statistical Summary of Investigative Accomplishments  
(October 1, 2023–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	SAR 89	FY 2024 Total
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	21	42
Investigative Cases Closed	Number of investigations that were closed during the reporting period.	28	36	64
Cases Active at the End of the Reporting Period	Number of investigations not closed prior to the end of the reporting period.	161	145	145
Investigative Reports Issued	Number of Reports of Investigation, Management information Reports, Flash Reports, or Urgent Fraud Alerts issued during the reporting period.	35*	41	76
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	0 Criminal	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.	52 Criminal* 6 Civil	27 Criminal 2 Civil	79 Criminal 8 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.	22*	14	36

Accomplishment	Description of the Metric	SAR 88	SAR 89	FY 2024 Total
Convictions/Pleas	Number of criminal convictions, pleas of guilty or nolo contendere, or acceptance of pretrial diversions that occurred during the reporting period.	20*	15	35
Fines Ordered	Sum of all fines ordered during the reporting period.	\$14,600*	\$837,451	\$852,051
Restitution Payments Ordered	Sum of all restitution ordered during the reporting period.	\$1,109,927	\$20,331,590	\$21,441,517
Civil Settlements/ Judgments (number)	Number of civil settlements completed or judgments ordered during the reporting period.	0	1	1
Civil Settlements/ Judgments (amount)	Sum of all completed settlements or judgments ordered during the reporting period.	\$0	\$310,942	\$310,942
Recoveries	Sum of all administrative recoveries ordered by the Department or voluntary repayments made during the reporting period.	\$0	\$1,333,371	\$1,333,371
Forfeitures/ Seizures	Sum of all forfeitures/seizures ordered during the reporting period.	\$1,311,767*	\$5,364,703	\$6,676,470
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	\$3,210,925	\$64,628,340
Suspensions and Debarment Referred to Department	Number of referrals made to the Department for consideration of Suspension and Debarment	9	15	24

*\*Adjustments to SAR 88 reflect data on investigative cases that became available following the close of the reporting period.*



### 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 (April 1, 2024–September 30, 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	<a href="#">Audit A22DC0105</a>	FSA Transition Plans for Business Process Operations Vendors Issued: June 18, 2024 Status: Resolved	\$0	\$0	\$0	8
FSA	<a href="#">Flash F23IT0138</a>	Federal Student Aid's Actions to Mitigate Risks Associated with the FSA ID Account Creation Process Issued: July 24, 2024 Status: Unresolved	\$0	\$0	\$0	3
FSA	<a href="#">Audit A23GA0122</a>	FSA's Implementation of the FUTURE Act and FAFSA Simplification Act's Federal Taxpayer Information Provisions through the Student Aid and Borrower Reform Initiative Issued: July 31, 2024 Status: Unresolved	\$0	\$0	\$0	6
FSA	<a href="#">Inspection I23NY0150</a>	Federal Student Aid's Performance Measures and Indicators for Returning Borrowers to Repayment Issued: August 14, 2024 Status: Unresolved	\$0	\$0	\$0	3
OCIO	<a href="#">Inspection I23IT0111</a>	Examination of the U.S. Department of Education's Incident Response Coordination Efforts Issued: May 22, 2024 Status: Resolved	\$0	\$0	\$0	12
OCIO	<a href="#">Audit A24IT0153</a>	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2024 Issued: August 2, 2024 Status: Unresolved	\$0	\$0	\$0	10





Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
OESE	<a href="#">Flash F24CA0172</a>	Burlington Community School District's Use of Elementary and Secondary School Emergency Relief Grant Funds Issued: August 9, 2024 Status: Closed	\$0	\$0	\$0	0
OESE	<a href="#">Flash F24NY0179</a>	Anchorage School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: September 19, 2024 Status: Closed	\$0	\$0	\$0	0
OESE	<a href="#">Flash F24CA0170</a>	Des Moines Independent Community School District's Use of Elementary and Secondary School Emergency Relief Grant Funds Issued: September 23, 2024 Status: Open	\$197,906	\$33,326	\$0	4
OESE	<a href="#">Audit A23GA0135</a>	Florida Department of Education's Administration and Oversight of Emergency Assistance to Nonpublic Schools Grant Funds Issued: September 23, 2024 Status: Open	\$187,660	\$0	\$0	4
OESE	<a href="#">Flash F24CA0173</a>	Southeast Polk Community School District's Use of Elementary and Secondary School Emergency Relief Grant Funds Issued: September 24, 2024 Status: Open	\$0	\$0	\$0	1
OESE	<a href="#">Flash F24NY0180</a>	Matanuska-Susitna Borough School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: September 24, 2024 Status: Closed	\$0	\$0	\$0	0
OESE	<a href="#">Flash F24NY0181</a>	Lower Kuskokwim School District's Use of Elementary and Secondary School Emergency Relief Funds Issued: September 26, 2024 Status: Closed	\$0	\$0	\$0	0

Office	Report Type and Number	Report Title, Date Issued, and Status	Questioned Costs	Unsupported Costs	BUF	Number of Recs
OESE	<a href="#">Audit A23IL0142</a>	The Oregon Department of Education's Implementation of Selected Components of Oregon's Statewide Accountability System Issued: September 26, 2024 Status: Open	\$0	\$0	\$0	5
OESE	<a href="#">Flash F24CA0171</a>	Linn-Mar Community School District's Use of Elementary and Secondary School Emergency Grant Funds Issued: September 27, 2024 Status: Open	\$0	\$0	\$0	2
OFO/ FSA	<a href="#">Audit A24NY0157</a>	U.S. Department of Education's Compliance with Payment Integrity Information Reporting Requirements for Fiscal Year 2023 Issued: May 23, 2024 Status: Resolved	\$0	\$0	\$0	5
OFO	<a href="#">Inspection I23DC0144</a>	The Department's Compliance with Whistleblower Protections for Contractor and Grantee Employees Issued: June 18, 2024 Status: Resolved	\$0	\$0	\$0	4
OSERS	<a href="#">Audit A23CA0140</a>	Rehabilitation Services Administration's Oversight of the State Vocational Rehabilitation Services Program Issued: September 5, 2024 Status: Unresolved	\$0	\$0	\$0	2
<b>Total</b>	<b>18</b>	<b>-</b>	<b>\$385,566</b>	<b>\$33,326</b>	<b>\$0</b>	<b>69</b>



## 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	<a href="#">Audit A19IL0036</a>	UEI College's Career Pathway Program	5	\$0
OESE	<a href="#">Audit A18IL0009</a>	The U.S. Department of Education's Processes for Overseeing Charter Schools Program Grants to Charter Management Organizations for the Replication and Expansion of High-Quality Charter Schools	3	\$0
OESE	<a href="#">Audit A06T0001</a>	Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program	5	\$34,065
OESE	<a href="#">Audit A19NY0025</a>	California Department of Education's Administration of the Immediate Aid to Restart School Operations Program	5	\$15,355
RMSD	<a href="#">Audit A18IL0012</a>	InspireNOLA Charter Schools' Administration of Grants for the Replication and Expansion of High-Quality Charter Schools	9	\$529,198
RMSD	<a href="#">Audit A20CA0017</a>	Remington College's Use of Higher Education Emergency Relief Fund Student Aid and Institutional Grants	8	\$784,506
RMSD	<a href="#">Audit A20US0045</a>	University of Cincinnati's Use of Higher Education Emergency Relief Fund Student Aid and Institutional Grants	10	\$2,749,445
<b>Total</b>	<b>7</b>	<b>-</b>	<b>45</b>	<b>\$4,112,569</b>





## 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	<a href="#">Audit A19R0003</a>	Federal Student Aid’s Contractor Personnel Security Clearance Process	1	\$0
FSA	<a href="#">Inspection I06S0001</a>	Federal Student Aid Controls Over the School Verification Process	3	\$0
FSA	<a href="#">Audit A20GA0035</a>	Federal Student Aid’s Transition to the Next Generation Loan Servicing Environment	1	\$0
FSA	<a href="#">Audit A22FS0065</a>	Final Independent Auditors' Report Fiscal Years 2022 and 2021 Financial Statements Federal Student Aid	1	\$0
FSA	<a href="#">Inspection I22NY0092</a>	FSA’s Outreach to Individuals in Underserved Communities	3	\$0
FSA	<a href="#">Audit A23FS0128</a>	Final Independent Auditors' Report of Federal Student Aid's Financial Statements for Fiscal Year 2023	1	\$0
FSA	<a href="#">Audit A03I0006</a>	Special Allowance Payments to Sallie Mae’s Subsidiary, Nellie Mae, for Loans Funded by Tax-Exempt Obligations	3	\$22,378,905
FSA	<a href="#">Audit A20IL0005</a>	Bais HaMedrash and Mesivta of Baltimore’s Use of Professional Judgment	3	\$236,235
FSA	<a href="#">Audit A19IL0036</a>	UEI College’s Career Pathway Programs	5	\$0
OCIO	<a href="#">Audit A11T0002</a>	The U.S. Department of Education’s Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2019	1	\$0
OCIO	<a href="#">Audit A11U0001</a>	The U.S. Department of Education’s Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2020	1	\$0

Office	Report Type and Number	Report Title	Number of Open Recs	Value of Potential Cost Savings
OCIO	<a href="#">Audit A23IT0118</a>	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2023	3	\$0
OCTAE	<a href="#">Audit A04O0004</a>	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds	9	\$97,481
OESE	<a href="#">Audit A05S0001</a>	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	<a href="#">Flash F19GA0027</a>	Puerto Rico Department of Education's Unallowable Use of Temporary Emergency Impact Aid for Displaced Students Program Funds for Payroll Activities	2	\$0
OESE	<a href="#">Audit A21IL0034</a>	Effectiveness of Charter School Programs in Increasing the Number of Charter Schools	1	\$0
OESE	<a href="#">Inspection I23DC0112</a>	The Department's Approval of Alternate Assessment Waivers and Extensions	2	\$0
OESE	<a href="#">Audit A06T0001</a>	Texas Education Agency's Administration of the Immediate Aid to Restart School Operations Program	5	\$34,065
OFO	<a href="#">Audit A22FS0064</a>	Final Independent Auditors' Report Fiscal Years 2022 and 2021 Financial Statements U.S. Department of Education	1	\$0
OFO	<a href="#">Audit A23FS0127</a>	Final Independent Auditors' Report of the U.S. Department of Education's Financial Statements for Fiscal Year 2023	3	\$0
OPEPD	<a href="#">Audit A09R0008</a>	Office of the Chief Privacy Officer's Processing of Family Educational Rights and Privacy Act Complaints	2	\$0

Office	Report Type and Number	Report Title	Number of Open Recs	Value of Potential Cost Savings
OSERS	<a href="#">Inspection I22NY0084</a>	Implementation of the Significant Disproportionality in the Individuals with Disabilities Education Act Final Regulations	2	\$0
RMSD	<a href="#">Audit A05D0017</a>	University of Illinois at Chicago's Gaining Early Awareness and Readiness for Undergraduate Programs Project	4	\$1,018,212
<b>Total</b>	<b>23</b>	<b>-</b>	<b>60</b>	<b>\$23,764,898</b>





## Table 6. Peer Review Results—Reviews of OIG Operations Completed During the Reporting Period

### Summary of Peer Review

The U.S. Department of Commerce Office of Inspector General (Commerce OIG) completed its peer review of the OIG's audit organization. Commerce OIG found that the OIG's system of quality control for the audit organization for the time period reviewed was suitably designed and complied with to provide reasonable assurance that the OIG was performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects. The OIG received a rating of pass. The peer review was issued on September 16, 2024, and is available on [our website](#).



## Table 7. Summaries of Significant Investigations Closed April 1, 2024–September 30, 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 School Superintendents, Others Sentenced in \$10 Million Virtual Education Fraud Scheme (Alabama)	K-12 Fraud	<a href="#">SAR 85</a> , page 35
Former Silver River Mentoring and Instruction Employee Sentenced for \$616,000 Fraud Scheme (Florida)	K-12 Fraud	<a href="#">This SAR, page 29</a>
Former Financial Aid Advisor and Defense Department Employee Sentenced to Prison for Running a \$5.6 Million Fraud Ring (Maryland)	Student Aid Fraud	<a href="#">SAR 87</a> , page 20
Man Sentenced to Prison for Tax and Wire Fraud (Ohio)	Student Aid Fraud	<a href="#">This SAR, page 22</a>
Action Taken Against Another Member of \$550,000 Fraud Ring (Texas)	Student Aid Fraud	<a href="#">This SAR, page 21</a>

## Table 8. Summaries of Significant Investigations Closed April 1, 2024–September 30, 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.

Summary of Case
The OIG partially substantiated allegations against a senior government employee. The OIG substantiated that the employee released a non-public report without authorization to a U.S. House of Representatives staffer. The employee resigned prior to the OIG issuing its referral report to the Department. The Department took no additional action.

## FY 2025 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 2025.

- Oversight and Monitoring of Student Financial Assistance Programs
- Oversight and Monitoring of Grantees
- Data Quality and Reporting
- Information Technology Security

Copies of our Management Challenges reports are available on our website [oig.ed.gov](https://oig.ed.gov).





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