



U.S. Department of Education
Office of Inspector General

FY 2014 Annual Plan

November 2013

Office of Inspector General

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Inspector General

November 2013

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Message From the Inspector General

I am pleased to provide the U.S. Department of Education (Department) Office of Inspector General (OIG) Annual Plan for fiscal year (FY) 2014. This Annual Plan presents the major initiatives and priorities this office intends to undertake to assist the Department in fulfilling its responsibilities to America's taxpayers and students.

The FY 2014 Annual Plan includes our FY 2014 Work Plan, which details the assignment areas and resources we plan to devote to evaluating the efficiency, effectiveness, and integrity of Department programs and operations. Our Work Plan incorporates suggestions from Department leaders and members of Congress.

The Department continues to face significant challenges in FY 2014 that impact its ability to effectively achieve its mission of promoting student achievement and preparing for global competitiveness by fostering educational excellence and ensuring equal access. In response, the focus of new work within the FY 2014 Annual Plan includes projects to assess high priority areas such as the Department's administrative capacity; oversight and monitoring of grantees, contractors, and Federal student financial assistance programs; information technology development and implementation; data quality and reporting; and emerging areas among the Department's programs.

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

First, in the area of Federal student financial assistance programs, effective oversight and monitoring of program participants is necessary to ensure funds are disbursed for only eligible students and to effectively manage the performance of the Federal student loan portfolio. Within this area the OIG plans audit work that includes not-for-profit student loan servicers and the Department's oversight of institutions participating in the Perkins Loan program.

Second, in the area of elementary, secondary, and special education, effective monitoring and oversight of grantees is essential for ensuring they established requirements and achieve program goals and objectives. In response, OIG plans to dedicate audit resources to issues involving the Department's oversight of the Adult Education State Grant and Career and Technical Education Programs.

Third, in the area of business operations the Department faces a changing environment where it must efficiently provide services to growing numbers of program participants, while managing additional administrative requirements with declining staffing levels. Within this area OIG plans work relating to the Department's capacity to monitor selected programs and Federal Student Aid's oversight of the development and enhancement of information technology products.

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

Although this Annual Plan provides a framework for activities we intend to carry out in FY 2014, the OIG is often required to perform unanticipated work based on legislative mandates, congressional or Departmental inquiries, or government-wide reviews. We must be flexible enough to address these other priorities as they arise.

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

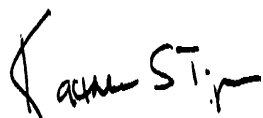
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U.S. Department of Education Office of Inspector General FY 2014 Annual Plan

Mission Statement

To promote the efficiency, effectiveness, and integrity of the Department's programs and operations, we conduct independent and objective audits, investigations, inspections, and other activities.

Introduction

The U.S. Department of Education (Department), Office of Inspector General (OIG) Strategic Plan for fiscal year (FY) 2011 through FY 2015 sets forth our mission, vision, and goals for 5 years. Our mission is rooted in our statutory responsibilities under the Inspector General Act of 1978, as amended (IG Act). The IG Act established OIGs as independent and objective organizations within the Federal departments and agencies. The IG Act authorizes each OIG to

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

Strategic Plan

OIG's Strategic Plan for FY 2011–FY 2015 provides the roadmap by which we plan to accomplish our mission.¹ To meet our mission, we have established the following goals:

- Goal 1:** Improve the Department's ability to effectively and efficiently implement its programs to promote educational excellence and opportunity for all students.
- Goal 2:** Strengthen the Department's efforts to improve the delivery of student financial assistance.
- Goal 3:** Protect the integrity of the Department's programs and operations by detecting and preventing vulnerabilities to fraud, waste, and abuse.
- Goal 4:** Contribute to improvements in Department business operations.
- Goal 5:** Strive for a diverse and skilled workforce that is provided with the means and assistance necessary to achieve OIG's mission with excellence, accountability, and integrity.

¹ The OIG Strategic Plan is available on our Web site at www2.ed.gov/about/offices/list/oig/reports.html.

The first four goals focus on our responsibilities under the IG Act to promote economy, efficiency, and effectiveness and to prevent and detect waste, fraud, and abuse. The fifth goal focuses on the internal functions of the OIG and provides the foundation for our capacity to achieve the other four goals now and in the future. More details are available in the OIG Strategic Plan on the specific strategies developed for each goal and associated performance measures. The FY 2014 performance measures for the goals are presented in Appendix A to this Plan.

FY 2014 Management Challenges

For FY 2014, OIG identified the following areas as significant management challenges² for the Department:

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

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

Objectives will vary based on the nature of the referral or reasons for conducting the audit work. Generally, the objectives will relate to whether grantees are in compliance with applicable laws, regulations, and grant terms.

Continuing Work

- **Progress in Meeting Race to the Top (RTT) Goals and Uses of RTT Funds—**Continue our work to determine the extent to which RTT grantees have adhered to timelines established in their applications and related scopes of work and achieved project performance measures and goals. We will also evaluate the effectiveness of program oversight to ensure that funds were used as intended and anticipated recipient performance was achieved in support of overall programmatic goals.
- **Lessons Learned from Recovery Act Implementation—**Continue our work to provide perspective on key challenges that the Department and its recipients and subrecipients faced when administering education-related grant programs funded by the Recovery Act, how they addressed the challenges, and what lessons can be learned for future legislation that provides a large yet temporary funding increase for new or existing Department programs.
- **The Department's and Five SEAs' Systems of Internal Control Over Statewide Test Results—**Continue our work to determine whether the Department and five SEAs have systems of internal control that prevent, detect, and require corrective action if they find indicators of inaccurate, unreliable, or incomplete statewide test results.
- **Payback Provisions of Selected Grant Programs—**Continue our work to determine whether select Department payback programs effectively meet program objectives by training recipients who subsequently perform work related to the program and obtain repayment of the assistance received for recipients that do not fulfill work agreements.
- **RTT Recipient Performance—**Continue our work to determine whether selected recipients reported RTT performance data to the Department that are accurate and complete, ensured that they and the participating local educational agencies (LEA) have the capacity to deliver and sustain the results described in the RTT grant application after all Federal funds have been expended, and spent RTT grant funds on allowable activities in accordance with program requirements and the approved application.
- **Impact of Elementary and Secondary Education Act Flexibility (ESEA) Waivers—**Continue to assess Department efforts to monitor performance in accordance with their approved plans, including the collection of information to determine whether the ESEA flexibility waivers improved student learning and increased the quality of instruction. We will also determine whether selected SEAs are successfully implementing selected aspects of the plans contained in their applications for ESEA flexibility.

- **Compliance, Measurement, and Outcomes of the Vocational Rehabilitation State Grant Program**—Continue our work to determine whether the Department and selected State vocational rehabilitation agencies have adequate internal controls in place to provide reasonable assurance that the data reported by State vocational rehabilitation agencies are accurate and complete. We will also determine whether the data reported by the selected State vocational rehabilitation agency are accurate and complete and adequately supported.
- **Individuals With Disabilities Education Act (IDEA) Maintenance of Effort**—Continue our work to inform the legislative process related to the pending reauthorization of IDEA by providing information to the Department and Congress relevant to maintenance of effort flexibility.
- **Duplication of Effort in the Activities of Entities Receiving Multiple Grants Under the Department’s Discretionary Grant Programs**—Continue our work to determine whether the Talent Search, Upward Bound, and GEAR-UP programs result in a duplication of services provided to selected grantees and whether selected grantees experience administrative burdens or inefficiencies as a result of administering multiple programs with similar objectives. We will also determine whether the Department’s internal controls are adequate for evaluating grant applications for duplication of effort by grantees.

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

Our planned and continuing work in the SFA programs includes Departmental oversight of schools, guaranty agencies, and servicers. We will also continue to devote significant resources towards investigating allegations of fraud in SFA programs, with an ongoing focus on distance education programs (see also work described under Goal 3). New priority work and continuing work to be performed in FY 2014 under this goal will include the following.

New Priority Work

- **Not-for-Profit Student Loan Servicers**—Determine whether the Department’s Office of Federal Student Aid (FSA) contracted only with eligible not-for-profit servicers, established competitive market rate pricing in the contracts with not-for-profit servicers, contracted with not-for-profit servicers in a manner that addressed prior OIG recommendations, and established and implemented effective internal controls to oversee those servicers. We will also assess the cost impact and complexity added to FSA operations by adding not-for-profit servicers.
- **Review of Lifetime Pell Limits**—Determine whether the Department is properly administering the Pell lifetime limitation law. Determine whether the information in Common Origination and Disbursement System and

National Student Loan Data System can be relied on to ensure that students are not exceeding their lifetime limitations.

- **Department Oversight of Institutions Participating in the Perkins Loan Program**—Determine whether the Department has controls to identify schools participating in the Perkins Loan Program that have stopped awarding new Perkins loans and thus should not be participating in the program.
- **Accrediting Agencies' Evaluation of Direct Assessment Programs**—Determine the adequacy of selected accrediting agencies' evaluation of direct assessment programs and the methodology institutions use to determine the number of credit or clock hours to which the programs are equivalent. We will also determine whether selected accrediting agencies have adequate procedures to ensure postsecondary institutions' compliance with the Federal definition of a credit hour.
- **Unplanned Audits and Inspections of Selected Program Participants**—Throughout the year, we may receive referrals from program offices requesting review of postsecondary institutions or other SFA program participants where the possibility of fraud, waste, or abuse of Federal funds has been identified. We also receive Hotline allegations or other information alleging fraud or misuse of Federal funds, or may otherwise identify specific institutions that warrant review. Objectives will vary based on the nature of the concerns. Generally, objectives will relate to whether the institutions are in compliance with the Higher Education Act, as amended, regulations, and program guidelines, or to alert the Department to any emerging and systemic areas of abuse.

Continuing Work

- **FSA Oversight of Schools Participating in the Direct Loan Program**—Continue our work to determine how FSA ensures that schools participating in the Direct Loan program are properly administering the program and timely delivering program funds to eligible students.
- **Guaranty Agency Health**—Continue our work to evaluate the Department's process for ensuring the continued protection of Federal funds at guaranty agencies. We will also evaluate the Department's oversight of guaranty agencies' compliance with Federal Family Education Loan (FFEL) program requirements and their ability to perform their duties. Finally we will assess the Department's actions for the guaranty agencies' successful participation during the phase-out of FFEL program loans.
- **Institutions' Use of Servicers for Title IV Payment Processing**—Continue our work to determine how FSA monitors schools' and servicers' delivery of Title IV funds through the use of debit cards to protect students from inappropriate practices. We will also identify the methods, terms and conditions, and timeframes for delivering Title IV funds to students and determine what personal information of students is provided by schools and collected by servicers during the Title IV funds delivery process. Finally,

we will identify school and third-party servicer procedures for addressing student complaints about the use of debit cards to deliver Title IV funds.

- **Handling of Borrower Complaints Against Private Collection Agencies**—Continue our work to evaluate how effectively FSA monitors borrower complaints against private collection agencies and ensures that corrective action is taken, ensures private collection agencies are abiding by Federal debt collection laws and the terms of their contracts related to complaints, and considers borrower complaints in the evaluation and compensation of private collection agencies.
- **Debt Management and Collection System 2 (DMCS2) Implementation**—Continue our work to determine whether FSA’s plan for correcting DMCS2 system deficiencies provided for accountability. Specifically, we will assess whether the plan provided reasonable assurance that issues were to be dealt with by the end of the contract considering the contractor’s history of meeting milestones and included milestones to ensure timely completion of fixes for system deficiencies, and options to hold the contractor accountable should it not have a fully functional system by the end of the contract.
- **FSA’s Evaluation of DMCS2 Functionality**—Continue our work to determine whether FSA accurately assessed the operating status of the DMCS2 functions that it indicated to be fully or partially functioning, including workaround procedures, as of FSA’s plan for DMCS2 implementation.
- **Student Loan Debt and Repayment Analysis**—Continue our work to determine which borrowers are using the various repayment options. We will also determine whether the loan repayment plans have been presented and used effectively by the Department to limit student loan defaults. We will analyze and report historical student loan debt level, repayment, and default information.
- **Proprietary School’s Compliance With Incentive Compensation Regulations**—Continue our work to determine whether selected institutions are complying with incentive compensation regulations and whether FSA identified and made appropriate determinations of schools’ compliance with incentive compensation regulations.
- **Department’s Contingency Planning for Closures of Publicly Traded Institutions**—Continue our work to determine the adequacy of FSA’s contingency plans in the event of the closure of a significant number of schools or locations by a publicly traded postsecondary institution.

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

The continuing and planned work under Goals 1, 2, and 4 contributes to OIG work under this goal. Through our audit and investigative work, proactive data analytics, and other reviews, we assess fraud risk, evaluate fraud indicators, and perform testing designed to detect fraud, waste, and abuse. Our investigations,

audit, computer analyst, and computer forensics staff work together to help identify weaknesses in internal controls that could leave the Department's programs or operations vulnerable to these risks. This interdisciplinary work can result in criminal and civil investigations of fraud in the Department's programs and operations. For FY 2014, the following priority projects in particular will evaluate potential risks and vulnerabilities to fraud, waste, and abuse in Department programs.

New Priority Work

- **State and District Monitoring of School Turnaround Contractors**—Determine the adequacy of State and district monitoring of school turnaround contractors.
- **Selected SEAs' Monitoring of Indirect Costs**—Determine the adequacy of SEAs' establishment of indirect cost rates at LEAs and the application of LEA indirect costs; and SEAs' oversight of LEAs' application of indirect costs.
- **Proprietary School Calculation of the 90/10 Rule**—Determine whether institutions are in compliance with the 90/10 Rule.

Continuing Work

- **SEA and Department Oversight of Agreements Between Charter Schools and Charter Management Organizations or Educational Management Organizations**—Continue to assess the current and emerging risk that charter school relationships with charter management organizations and education management organizations pose to the Office of Elementary and Secondary Education, Office of Special Education and Rehabilitative Services, and Office of Innovation and Improvement program objectives. Evaluate the effectiveness of those offices' internal controls to mitigate the risk.
- **Effectiveness and Accountability of Online Charter Schools**—Continue our work to determine whether selected States are providing adequate monitoring and oversight to ensure that online charter schools are accurately tracking and reporting student counts for funding purposes and complying with select provisions of Title I, Part A and IDEA, Part B.
- **Distance Education Program Requirements and Monitoring**—Continue our work to determine whether the Department adapted the Title IV, Higher Education Act program requirements and guidance to mitigate the unique risks inherent in the distance education environment. We will also determine whether the Department, accrediting agencies, and State agencies adequately monitored institutions of higher education (schools) to provide reasonable assurance of the schools' compliance with requirements that are unique to the distance education environment.
- **Data Analytic Processes**—Continue to further develop intuitive and interactive data analytical and risk model systems to identify adverse trends and possible fraud, waste, and abuse in Department programs or operations. For example, we have established data analytic processes to detect electronic fraud activities such as student aid fraud rings and

identity theft within the Federal student aid arena. Further, we have developed a risk model that assesses local State K-12 school districts and identifies those at the highest to lowest level of risk based on weighted scores assigned to selected risk factors.

- **Hotline Operations**—OIG’s Hotline continues to provide a means for anyone suspecting fraud, waste, or abuse involving Department funds or programs to provide their concern to OIG. Complaints or concerns received through the Hotline are evaluated and may be referred for OIG investigation, audit, or other review, or may be referred to other offices or agencies as appropriate. The Hotline can be contacted through OIG’s Web site, by telephone, or through regular U.S. mail delivery.

Goal 4: Contribute to improvements in Department business operations.

In addition to the Department’s administration of its programs, effective and efficient business operations are critical to ensure the Department has the tools and other resources to effectively manage its programs and protect its assets. Our audit and inspection work will look at improper payments, information technology security, financial management, and other areas; our investigations work will cover allegations of serious fraud or misconduct by Department officials and contractors, as well as technology-related crimes. Priority work planned in this area, as well as statutory reviews for FY 2014, include the following.

New Priority Work

- **The Department’s Capacity to Monitor Selected Programs**—Determine whether the Department is allocating its resources efficiently to maximize its monitoring capacity and whether it is coordinating its monitoring across programs.
- **Protection of Student Data in State Longitudinal Data Systems**—Determine whether selected States have internal controls in place to prevent and detect unauthorized access and disclosure of student data in State Longitudinal Data Systems and to take appropriate actions if data systems and records are compromised.
- **Management Certifications of Data Reliability**—Determine which Department programs and data collections require management certifications regarding the accuracy and reliability of the data and what the Department does to monitor the accuracy of the data supporting the certifications.
- **FSA Oversight of the Development and Enhancement of Information Technology Products**—Assess FSA’s ability to effectively oversee and monitor information technology development and enhancement contracts. We will also assess FSA’s ability to validate work performed by information technology contractors.

- **Evaluation of FSA’s Policies and Procedures for Oversight and Monitoring in the Contracting Process**—Determine whether FSA’s policies and procedures for oversight and monitoring of contractor performance and invoicing are adequate, effectively implemented, and followed.
- **Review of the Department’s External Audit Followup Process**—Evaluate the effectiveness of the Department’s process to ensure that external auditees actually implement corrective actions.
- **Reviews of Improper Payments and Related Requirements**—Evaluate the Department’s compliance with the Improper Payments Elimination and Recovery Act (IPERA) and subsequent legislation and guidance by ongoing monitoring of the Department’s quarterly reports on high-dollar overpayments and evaluation of the actions taken in response to improper payments noted. Additional work planned includes the following.
 - **Department’s Compliance With the IPERA and its Performance in Reducing and Recapturing Improper Payments**—Determine whether the Department was in compliance with the IPERA. We will also evaluate the Department’s reporting of improper payment data and its performance in reducing and recapturing improper payments.
 - **Department Accountable Official’s Report on High-Error Programs—Pell Grant Program**—Determine whether the Department’s Accountable Official’s report for the Pell Grant program complied with applicable requirements, adequately addressed improper payment risk, and described an adequate level of oversight to reduce and recapture improper payments.
- **FY 2014 Federal Information Security Management Act (FISMA) Report**—Assess the agency’s overall compliance with the security provisions of FISMA and related information security standards identified within Office of Management and Budget (OMB) guidelines.
- **FY 2014 Department-Wide Financial Statement Audit**—Provide oversight and monitoring of independent public accounting firm contracted to report whether the Department-wide basic financial statements are fairly presented in all material respects. With respect to the financial statements, report on whether internal control provides reasonable assurance of achieving objectives, and whether the Department has complied with applicable laws and regulations.
- **FY 2014 FSA Financial Statement Audit**—Provide oversight and monitoring of independent public accounting firm contracted to provide an opinion as to whether the FSA financial statements are fairly presented in all material respects. With respect to the financial statements, report on whether FSA’s internal control provides reasonable assurance of achieving objectives and whether FSA has complied with applicable laws and regulations.

- **FY 2014 Special Purpose Financial Statement Audit**—Provide oversight and monitoring of independent public accounting firm contracted to report on whether the Department’s special-purpose financial statements fairly present, in all material respects, in conformity with applicable accounting principles and requirements, the assets, liabilities, and net position as well as net costs and changes in net position.
- **Department’s Purchase Card Programs**—Assess the Department’s purchase card program to identify risks of illegal, improper, or erroneous purchases and payments and develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of purchase card transactions. As necessary, analyze purchase card transactions to identify potentially illegal, improper, or erroneous uses of purchase cards; any patterns of such usage; and categories of purchases that could be made by means other than purchase cards to better aggregate purchases and obtain lower prices.
- **Review of the Department’s Accounting for Drug Control Funds and Related Performance**—In accordance with statutory requirements, express a conclusion about the reliability of the Department’s management assertions related to the National Drug Control Program activities.
- **Oversight of Non-Federal Auditors**—Under the IG Act, the OIG is responsible for oversight of non-Federal auditors. To this end, the OIG develops and issues guidance and provides technical assistance to non-Federal auditors. The OIG also conducts quality reviews of single audits and compliance audits conducted by non-Federal auditors to determine whether the audits were conducted in accordance with appropriate audit standards and applicable audit guidance.

Continuing Work

- **The Department’s Implementation of the Government Performance & Results Act Modernization Act of 2010**—Continue our work to determine whether the Department has identified and clearly articulated priority goals, milestones, and performance indicators; established a process for ensuring the validity and reliability of data; and conducted and reported on the results of quarterly performance reviews to provide information to the public on its performance and operations.
- **Department Oversight of Direct Assessment Programs**—Continue our work to determine the extent to which the Department has addressed the risks inherent in direct assessment programs. We will also determine what the Department has done to ensure that schools seeking to offer direct assessment programs are submitting applications that comply with Federal requirements and only programs that meet the Federal requirements are approved as Title IV eligible direct assessment programs.
- **Resolution of Discrimination Complaints by the Department’s Office for Civil Rights**—Determine whether the Office for Civil Rights resolved discrimination complaints in a timely and efficient manner and effectively applied applicable policies and procedures in resolution of discrimination complaints.

- **FY 2012 Accountable Official’s Report on the Pell Grant High Priority Program**—Continue our work to determine whether the Department’s Accountable Official’s report for the Pell Grant program complied with applicable requirements, adequately addressed improper payment risk, and described an adequate level of oversight to reduce and recapture improper payments.
- **FY 2013 FISMA Report**—Continue our work to assess the agency’s overall compliance with the security provisions of FISMA and related information security standards identified within OMB guidelines.
- **FY 2013 Department-Wide Financial Statement Audit**—Continue to provide oversight and monitoring of independent public accounting firm contracted to report on whether the Department-wide basic financial statements are fairly presented in all material respects. With respect to the financial statements, report on whether internal control provides reasonable assurance of achieving objectives and whether the Department has complied with applicable laws and regulations.
- **FY 2013 FSA Financial Statement Audit**—Continue to provide oversight and monitoring of independent public accounting firm contracted to provide an opinion as to whether the FSA financial statements are fairly presented in all material respects. With respect to the financial statements, report on whether FSA’s internal control provides reasonable assurance of achieving objectives, and whether FSA has complied with applicable laws and regulations.
- **FY 2013 Special Purpose Financial Statement Audit**—Continue to provide oversight and monitoring of independent public accounting firm contracted to report on whether the Department’s special-purpose financial statements fairly present, in all material respects, in conformity with applicable accounting principles and requirements, the assets, liabilities, and net position as well as net costs and changes in net position.

Other Activities

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

- Review and comment on draft legislation, regulations, comments to the Department on its proposed policies, procedures, and guidance, observe negotiated rulemaking sessions, and participate in an advisory capacity on Departmental policy groups.
- Review and comment on pending legislation or regulations of other agencies that impact the Department, its recipients, and entities participating in Department programs.

- Provide recommendations to Congress for consideration during the reauthorization process for Department programs.
- Review and provide comments to OMB on proposed regulations, including participation on OMB workgroups to draft and revise regulations.

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

- Respond to Congressional requests for information or analysis.
- Participate as a member of the Council of the Inspectors General on Integrity and Efficiency, including the committees for Audit, Investigation, and Information Technology. Also participate in interagency workgroups sponsored by the Council, including the Federal Audit Executive Council, the Assistant Inspectors General for Investigations Committee, and the Council of Counsels to the Inspectors General.
- Participate as a member of the Recovery Accountability and Transparency Board and its committees.

Table 1. FY 2014 Work Plan and FY 2014 Management Challenges

This table includes both planned and ongoing projects presented in the FY 2014 Work Plan projects under the FY 2014 Management Challenges. Ongoing work is indicated with an asterisk.

| Management Challenge | Related FY 2014 Work Plan Project |
|---------------------------------|---|
| Improper Payments | <ul style="list-style-type: none"> • Selected State Agencies' Monitoring of Indirect Costs • Review of Lifetime Pell Limits • Department's Compliance With the Improper Payments Elimination and Recovery Act of 2010 for FY 2013 • FY 2013 Accountable Official's Report on the Pell Grant High-Priority Program • Department's Purchase and Travel Card Programs • Duplication of Effort in the Activities of Entities Receiving Multiple Grants Under the Department's Discretionary Grant Programs* • FY 2012 Accountable Official's Report on the Pell Grant High-Priority Program* |
| Information Technology Security | <ul style="list-style-type: none"> • FY 2014 FISMA Report • Protection of Student Data in State Longitudinal Data Systems • FY 2013 FISMA Report* |
| Oversight and Monitoring | <ul style="list-style-type: none"> • Not-For-Profit Student Loan Servicers • The Department's Oversight of Institutions Participating in the Perkins Loan Program • Accrediting Agencies Evaluation of Direct Assessment Programs • Proprietary School Calculation of the 90/10 Rule • Department's Capacity to Monitor Selected Programs • The Department's and Selected States' Oversight of Career and Technical Education Programs • State and District Monitoring of School Turnaround Contractors • Evaluation of FSA's Policies and Procedures for Oversight and Monitoring in the Contract Process • Review of the Department's External Audit Follow-Up Process • Department's Accounting for Drug Control Funds and Related Performance |

| Management Challenge | Related FY 2014 Work Plan Project |
|---|---|
| Oversight and Monitoring (continued) | <ul style="list-style-type: none"> • Oversight of Non-Federal Auditors • FSA Oversight of School’s Participating in the Direct Loan Program* • Guaranty Agency Health* • Institutions Use of Servicers for Title IV Payment Processing* • Handling of Borrower Complaints Against Private Collection Agencies* • Student Loan Debt and Repayment Analysis* • Proprietary School’s Compliance With Incentive Compensation Regulations* • Department’s Contingency Planning for Closures of Publicly Traded Institutions* • Department Oversight of Direct Assessment Programs* • Distance Education Program Requirements and Monitoring* • Progress in Meeting RTT Goals and Uses of RTT Program Funds* • Lessons Learned From Recovery Act Implementation* • The Department’s and Five SEAs’ Systems of Internal Control Over Statewide Test Results* • SEA and Department Oversight of Agreements Between Charter Schools and Charter Management Organizations or Educational Management Organizations * • Payback Provisions of Selected Grant Programs* • RTT Recipient Performance* • Impact of ESEA Flexibility Waivers* • Effectiveness and Accountability of Online Charter Schools* • IDEA Maintenance of Effort* • Department’s Office for Civil Rights Resolution of Discrimination Complaints* |
| Data Quality and Reporting | <ul style="list-style-type: none"> • Department Oversight of SEA’s Use of Adult Education State Grant Program Funds and the Reliability of the Program’s Performance Data • Management Certifications of Data Reliability • Tracking and Reporting Student Enrollment (Exploratory Project) |

| Management Challenge | Related FY 2014 Work Plan Project |
|---|---|
| Data Quality and Reporting (continued) | <ul style="list-style-type: none"> • FY 2014 Department-Wide Financial Statement Audit • FY 2014 FSA Financial Statement Audit • FY 2014 Special Purpose Financial Statement Audit • Compliance, Measurements, and Outcomes of the Vocational Rehabilitation State Grant Program* • Department’s Implementation of the GPRA Modernization Act Of 2010* • FY 2013 Department-Wide Financial Statement Audit* • FY 2013 FSA Financial Statement Audit* • FY 2013 Special Purpose Financial Statement Audit* |
| Information Technology System Development and Implementation | <ul style="list-style-type: none"> • FSA’s Oversight of the Development and Enhancement of Information Technology Products • Debt Management and Collection System Implementation* • FSA’s Evaluation of Debt Management and Collection System Functionality* |

Table 2. FY 2014 Performance Measures

| Performance Measure | FY 2014 Target |
|--|--|
| 1. Audits and investigations initiated each year focused on areas of high risk or significant importance. | AS/ITACCI (Audit) 85% IS/ITACCI (Inv) 80% |
| 2. Recommendations accepted by the Department during the fiscal year. | 90% |
| 3. Audit initial results determined by the agreed-upon date. | 80% |
| 4. Audit field work completed and draft report submitted for review by the agreed-upon date. | 75% |
| 5. Draft and final audit reports issued by the agreed-upon date. | 70% |
| 6. Draft audit report issued within one year from entrance conference. | 60% |
| 7. Agreed-upon milestones for inspections and information technology audits met. | 75% |
| 8. Case closing Reports of Investigation submitted within 150 days of last reportable investigative action. | 70% |
| 9. Complaints of fraud, waste, and abuse evaluated and closed to a final disposition within 90 days. | 70% |
| 10. Closed investigations that resulted in a criminal, civil or administrative action, or monetary result. | IS 74% ITACCI 65% |
| 11. Hotline controlled correspondence processed within the established deadlines. | 95% |
| 12. Requests for forensic or analytical assistance completed within 75 days. | 70% |
| 13. Development milestones met by agreed-upon dates for proactive analytical projects developed to identify adverse trends and/or possible fraud, waste, and abuse in Department programs or operations. | 85% |
| 14. Computer-assisted assessment technology products delivered to the requestor within agreed-upon dates. | 90% |
| 15. OIG Data Analytics Systems are operational during normal work hours. | 95% |

| Performance Measure (continued) | FY 2014 Target (continued) |
|--|----------------------------|
| 16. Comments that resulted in changes in legislation, regulations, or other policies. | 70% |
| 17. Counsel work products meeting required or agreed-upon deadlines. | 85% |
| 18. Freedom of Information Act responses meeting required deadlines. | 95% |
| 19. Quality assurance review and internal control review recommendations accepted by the OIG. | 90% |
| 20. Products related to budget and other administrative operations developed, executed, and delivered to OMB, Department, OIG leadership, and other applicable stakeholders within agreed-upon timeframes. | 80% |
| 21. Report to appropriate stakeholders on Recovery Act activities within established timeframes. | 90% |
| 22. Operational staff completed at least one work-related training. | 70% |

Table 3. FY 2013 Performance Results

| Performance Measure | FY 2013 Target | FY 2013 Actual |
|---|--|---------------------------------|
| 1. Audits, inspections, and investigations initiated each year focused on areas of high risk or significant importance. | AS/ITACCI (Audit) 85% EIMS 75% IS/ITACCI (Inv) 80% | 100% N/A ³ 93% |
| 2. Recommendations accepted by the Department during the fiscal year. | 90% | 95% |
| 3. Audit initial results determined by the agreed-upon date. | 80% | 100% |
| 4. Audit field work completed and draft report submitted for review by the agreed-upon date. | 75% | 94% |
| 5. Draft and final audit reports issued by the agreed-upon date. | 70% | 95% |
| 6. Draft audit report issued within one year from entrance conference. | 60% | N/A ⁴ |
| 7. Agreed-upon milestones for inspections and information technology audits met. | 75% | 75% |
| 8. Case closing Reports of Investigations submitted within 150 days of last reportable investigative action. | 70% | 71% |
| 9. Complaints of fraud, waste, and abuse evaluated and closed with a final disposition within 90 days. | 70% | 79% |
| 10. Closed investigations resulting in a criminal, civil, or administrative action, or monetary result. | IS 74% ITACCI 65% | 87% 67% |
| 11. Hotline controlled correspondence processed within the established deadlines. | 95% | 100% |
| 12. Requests for forensic or analytical assistance completed within 75 days. | 70% | 86% |

³ EIMS was reorganized to be a part of Audit Services during FY 2013 and no results are reported.

⁴ This performance measure was created in FY 2013; data will not be available until FY 2014 performance results reporting.

| Performance Measure (continued) | FY 2013 Target (continued) | FY 2013 Actual (continued) |
|--|-----------------------------------|-----------------------------------|
| 13. Development milestones met by agreed-upon dates for proactive analytical projects developed to identify adverse trends and/or possible fraud, waste, and abuse in Department programs or operations. | 85% | 93% |
| 14. Computer-assisted assessment technology products delivered to the requestor within agreed-upon dates. | 90% | 100% |
| 15. OIG Data Analytics Systems are operational during normal work hours. | 95% | 100% |
| 16. Comments that resulted in changes in legislation, regulations, or other policies. | 60% | 97% |
| 17. Counsel work products meeting required or agreed-upon deadlines. | 85% | 95% |
| 18. Freedom of Information Act responses meeting required deadlines. | 95% | 94% |
| 19. Quality assurance review and internal control review recommendations accepted by the OIG. | 80% | 99% |
| 20. Products related to budget and other administrative operations developed, executed, and delivered to OMB, Department, OIG leadership, and other applicable stakeholders within agreed-upon timeframes. | 80% | 100% |
| 21. Report to appropriate stakeholders on Recovery Act activities and funding within established timeframes. | 90% | 100% |
| 22. Operational staff completed at least one work-related training. | 70% | 92% |

Appendix A. Abbreviations and Acronyms Used in This Report

| | |
|------------|---|
| AS | Audit Services |
| Department | U.S. Department of Education |
| DMCS2 | Debt Management and Collection System 2 |
| EIMS | Evaluation, Inspection, and Management Services |
| ESEA | Elementary and Secondary Education Act |
| FFEL | Federal Family Education Loan |
| FISMA | Federal Information Security Management Act |
| FSA | Federal Student Aid |
| FY | Fiscal Year |
| IDEA | Individuals With Disabilities Education Act |
| IG Act | Inspector General Act of 1978, as Amended |
| IPERA | Improper Payments Elimination and Recovery Act |
| IS | Investigation Services |
| ITACCI | Information Technology Audits and Computer Crime Investigations |
| LEA | Local Educational Agency |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| RTT | Race to the Top |
| SEA | State Educational Agency |
| SFA | Student Financial Assistance |



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

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