

AUDIT SERVICES

- Audit Services is responsible for all of the OIG's audit activities relating to ED's programs and operations. Audit Services provides a full range of professional audit services covering all programs and operations of ED.
- Through its work, Audit Services seeks to promote economy, efficiency, and effectiveness in ED programs; detect and deter fraud, waste, or abuse in ED's activities and operations; and ensure compliance with applicable laws and regulations.

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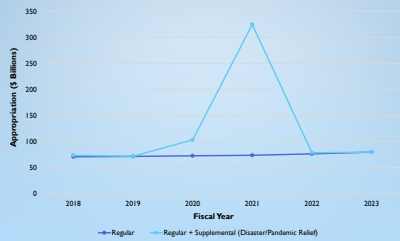
STATE AND LOCAL ADVISORY AND ASSISTANCE

ED's more than **100 grant programs** annually provide over **\$79 billion** to serve about **55 million students** attending **98,000 public schools** and **30,000 private schools** in **13,000 school districts** across **56 States and territories**, as well as about **9 million postsecondary students** attending **5,500 colleges and universities**

- State and Local Advisory and Assistance
 - coordinates work plan development and execution for State and local programs;
 - provides program expertise and policy advice related to all State and local programs;
 - reviews products for accuracy and consistency; and
 - coordinates with ED, Congress, and other Federal agencies on OIG work as well as proposed legislation, regulations, and policies relevant to State and local programs.

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ED Budget



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STAY IN THE KNOW

- Prior OIG Reports
 - *Where we've been and what we've done.*
[Audit and Investigative Reports](#)
[Semiannual Reports](#)
- OIG Annual Plan
 - *Where we're going and what we're going to do.*
- OIG Management Challenges
 - *Why we're going there and doing what we're doing.*

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OIG MANAGEMENT CHALLENGES

- Implementing Pandemic Relief Laws
- Oversight and Monitoring
- Data Quality and Reporting
- Improper Payments
- IT Security

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AUDITS



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Single Audit Resolution Activities ([Illinois](#), [Massachusetts](#), [North Carolina](#), and [OED](#))

- States should provide complete and sufficient management decisions, develop and implement adequate policies and procedures outlining their processes, engage in proactive communication with school districts, strengthen their systems for tracking corrective actions/repeat findings, and conduct periodic management reviews.

High School Graduation Rates ([Alabama](#), [California](#), and [Utah](#))

- States should provide sufficient monitoring of school district controls over data reliability (cohort build, graduates, and student removals) and comply with Federal rules on only including those students who earned a regular high school diploma (rather than an alternative award) in the ACGR.

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Virtual Charter Schools ([Ohio](#) and [Pennsylvania](#))

- States should strengthen their monitoring processes to ensure that school districts have written procedures on how they implement model policies for IEP development and how they document service delivery for students with disabilities; school districts should develop and/or implement written procedures, follow procedures when written, and adequately document service delivery.

Effectiveness of CSP Grants in Increasing the Number of High-Quality Charter Schools

- Grantees collectively reported that they opened or expanded about 51 percent of the charter schools that they committed to open or expand in their initial approved applications; of those that did open, about 91 percent remained open for at least 2 years after funding ended.

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OESE's Oversight of CMO Replication and Expansion Grants*
(Related → [IDEA Public Charter Schools](#) and [InspireNOLA](#))

- Implementation of Statewide Accountability Systems*
- Equity in IDEA*
- Improper Payments*
- RSA's Oversight of State Vocational Rehabilitation Services Program Grants (*planned*)
- Oversight of Spending and Educational Outcomes of Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At Risk (*planned*)

* Ongoing Work

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DISASTER RELIEF



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IMMEDIATE AID TO RESTART SCHOOL OPERATIONS

- [California, Florida, Puerto Rico⁶, Texas, and the U.S. Virgin Islands](#)
- States generally established and implemented systems of internal control that provided reasonable assurance that program funds were allocated appropriately and that sufficiently ensured that school districts and nonpublic schools used program funds for allowable and intended purposes; however, States should ensure that they implement procurement and monitoring processes (including any established internal audit functions) as designed.

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TEMPORARY EMERGENCY IMPACT AID FOR DISPLACED STUDENTS

- [Florida, Massachusetts, Puerto Rico, and Texas](#)
- States should establish and implement systems of internal control to ensure that displaced student count data provided to ED are accurate, complete, and supported, and that school districts account for funds received for displaced students with disabilities in accordance with Federal requirements.
- Also → Emergency Assistance to IHEs ([Gulf Coast State College](#))
- Schools should ensure that they use grant funds only for those activities authorized under applicable law.

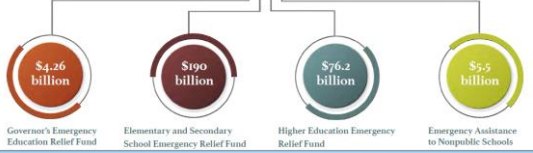
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PANDEMIC RELIEF



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Funded through the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan



[ED Coronavirus Website](#) [OIG Specialized Work](#)

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HIGHER EDUCATION EMERGENCY RELIEF FUND

- [HEER Fund Reporting Requirements](#)
- [IHEs' Use of HEER Fund Grants](#)
 - [Lincoln College of Technology, Bemington College, and University of Cincinnati](#)
 - Schools should adequately document student eligibility determinations, charge to their grants only those costs incurred during the period of performance, use competitive procurement processes when required, update policies and procedures as necessary, minimize the time between drawing down and disbursing funds, and ensure that any excess funds are maintained in interest-bearing accounts.
- [OPE's Oversight of HEER Fund Grants and Duplicate HEER Fund Grant Awards](#)

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GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND

- [GEER Fund State Plans](#)
- States' Awarding and Monitoring of GEER Fund Grants
 - [Michigan, Missouri, and Oklahoma](#)
 - States should maintain sufficient documentation related to their subaward processes and decisions to demonstrate compliance with applicable requirements, and timely design and implement risk-based monitoring plans and other controls to ensure that subgrantees use funds for allowable and intended purposes.

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ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND

- [Survey of School Districts' Use of ESSER Funds for Technology*](#)
- States' Oversight of School Districts' ARP ESSER Fund Plans and Spending
 - [Kentucky*](#), [Washington*](#), and [Illinois*](#)
- OESE's Oversight of ESSER Fund Grants (*planned*)

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EMERGENCY ASSISTANCE TO NONPUBLIC SCHOOLS

- States' Administration of EANS Fund Grants (*planned*)

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OTHER OIG PRODUCTS

- [Challenges for Consideration in Implementing and Overseeing the CARES Act](#)
- [Inconsistent Grantee and Subgrantee Reporting of Education Stabilization Fund Subprograms in the Federal Audit Clearinghouse](#)
- [ED's Use of Pandemic Assistance Program Administration Funds](#)
- [Fraud Reporting Requirements: A Guide for Federal Program Participants and Auditors](#)



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PANDEMIC RESPONSE ACCOUNTABILITY COMMITTEE

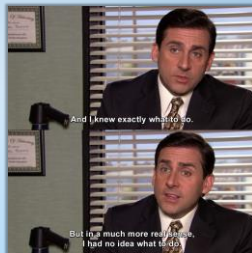
- [Contracts and Grants Staffing*](#)
- [Impact Case Studies*](#)



[PRAC Website](#)

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COMMON FINDINGS



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NO WRITTEN POLICIES AND PROCEDURES

- Section 200.303: Internal Controls (OMB Uniform Guidance)
- Principle 10: Design Control Activities and Principle 12: Implement Control Activities (GAO "Standards for Internal Control in the Federal Government" aka Green Book)



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INSUFFICIENT SUBRECIPIENT MONITORING

- Section 200.329: Monitoring and Reporting Program Performance
- Section 200.331: Subrecipient and Contractor Determinations
- Section 200.332: Requirements for Pass-Through Entities

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UNALLOWABLE OR UNSUPPORTED USES OF FUNDS

- Section 200.403: Factors Affecting Allowability of Costs
- See Also: Program Statute, Regulations, Guidance...

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CASH MANAGEMENT ISSUES

- Section 200.305: Federal Payment



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DOCUMENTATION (!!!)

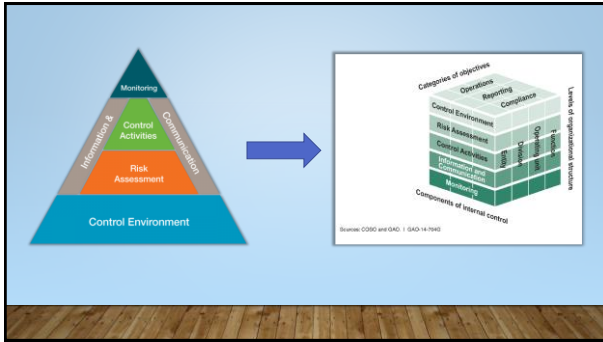
- Section 200.334: Retention Requirements for Records
- Section 200.337: Access to Records

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GENERAL

- Section 200.113: Mandatory Disclosures
- Section 200.339: Remedies for Noncompliance

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“THERE IS NO KIND OF DISHONESTY INTO WHICH OTHERWISE GOOD PEOPLE MORE EASILY AND FREQUENTLY FALL THAN THAT OF DEFRAUDING THE GOVERNMENT”

– BENJAMIN FRANKLIN

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INVESTIGATION SERVICES

- Investigation Services is the law enforcement arm of ED. This team of law enforcement professionals conducts criminal and civil investigations covering a wide range of wrongdoing, including Federal student aid fraud, diploma mill schemes, fraud and corruption in after school programs, and fraudulent billing of contracts.
- OIG special agents conduct criminal investigations of suspected fraudulent activities by ED employees, contractors, grant recipients, school officials, teachers, and students—in essence, by any entity or individual that awards, disburses, or receives ED funds or participates in ED programs.

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SPECIAL INVESTIGATIONS UNIT

- The Special Investigations Unit leads Investigation Services' efforts to uncover and investigate the misuse, theft, and other criminal interference with the intended administration of disaster and pandemic relief funds.
- The Special Investigations Unit is composed of professional criminal investigators with decades of experience in conducting education-related investigations and stopping education-focused fraud schemes involving Federal education programs.

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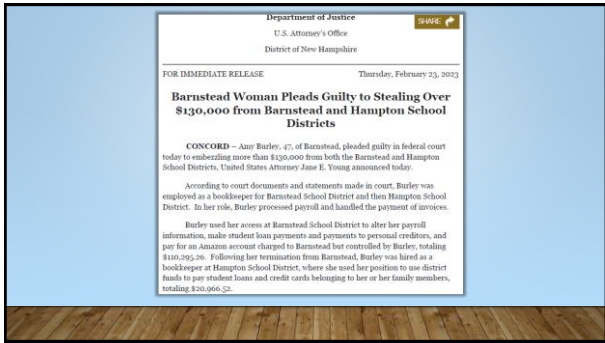
WHAT DOES FEDERAL EDUCATION FRAUD LOOK LIKE?

- Financial conflicts of interest
- Irregularities in contract awards or procedures (including undue influence)
- Altered or falsified documentation
- Suspicious or unverifiable vendors
- Missing school funds, property, or records
- Defective or low-quality products and services
- Nonexistent students
- Unreasonable costs
- Persistent internal control issues

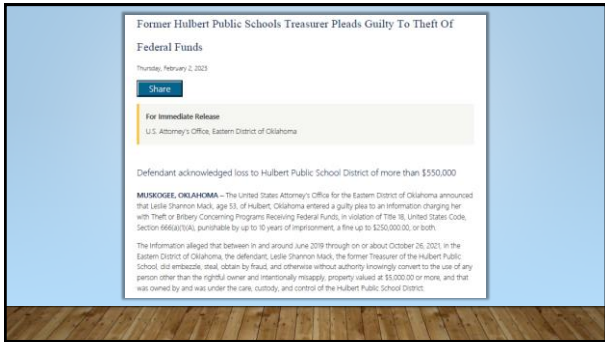
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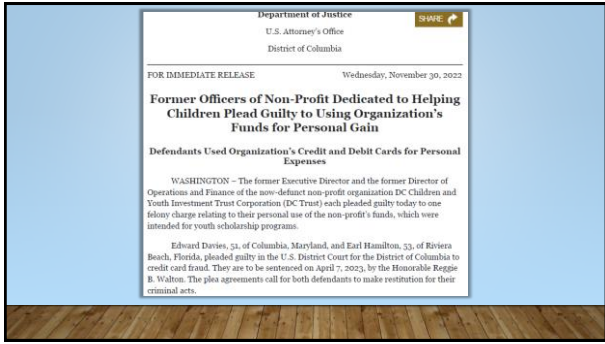
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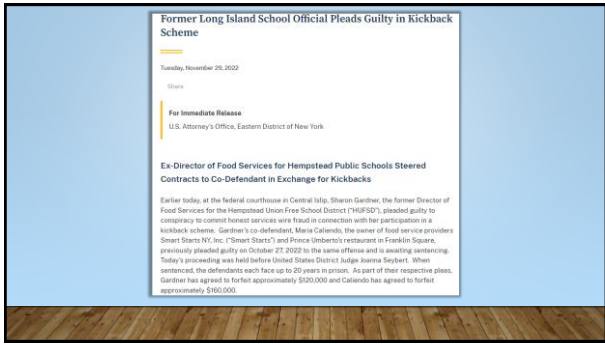
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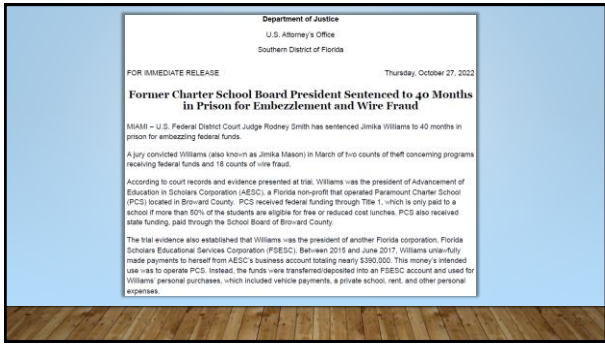
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Department of Justice
U.S. Attorney's Office
Middle District of Alabama

FOR IMMEDIATE RELEASE Wednesday, August 3, 2022

Former Athens City Schools Administrator Sentenced in North Alabama Virtual Education Scheme

Montgomery, Alabama — Today, former Athens City Schools administrator, William Richard ("Rick") Carter, Jr., 46, was sentenced to 66 months in prison for his role in a scheme to defraud the Alabama State Department of Education (ALSDE), announced the United States Attorney's Office for the Middle District of Alabama. Carter was convicted by a jury in March of this year on charges of conspiracy to commit wire fraud, wire fraud, and aggravated identity theft.

Carter, along with his co-conspirators, William L. ("Trey") Holladay, III, Gregory ("Greg") Earl Corkren, David Webb Tutt, and Thomas Michael Slak, participated in a scheme to fraudulently enroll students in public virtual schools and then falsely report those students to ALSDE. As a result of the scheme, districts received payments from Alabama's Education Trust Fund as if the students actually attended public schools. The various defendants then received, for their own personal use, portions of the state money. The defendants skimmed the state money through direct cash payments and payments to third-party contractors owned by the various co-conspirators. Carter's co-conspirators previously pleaded guilty and were sentenced last month.

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KEY EVERY STUDENT SUCCEEDS ACT REQUIREMENTS

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PREVENTING IMPROPER USE OF TAXPAYER FUNDS

- **Section 9203 of ESSA** states that the Secretary must
 - require each recipient of a grant or subgrant to display publicly the OIG Hotline contact information;
 - annually notify ED employees of their responsibility to report fraud; and
 - require applicants for grants to provide an assurance to ED that any information submitted when applying for a grant and responding to monitoring and compliance reviews is truthful and accurate, as well as require applicants for subgrants to provide the same assurance to the entity awarding the subgrant.

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ACCOUNTABILITY TO TAXPAYERS THROUGH MONITORING AND OVERSIGHT

- **Section 9204 of ESSA** states that the Secretary must
 - notify each grantee (and, if applicable, require the grantee to notify each subgrantee) of its responsibility to (a) comply with all monitoring requirements under the applicable program or programs and (b) monitor properly any subgrantee;
 - review and analyze the results of monitoring and compliance reviews (a) to understand trends and identify common issues and (b) to issue guidance to help grantees address such issues before the loss or misuse of taxpayer funding occurs;
 - report publicly the work undertaken by ED to prevent fraud, waste, and abuse with respect to taxpayer funds; and
 - work with the OIG, as needed, to help ensure that ED employees understand how to adequately monitor grantees and to help grantees adequately monitor any subgrantees.

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RESOURCES

- [OMB Uniform Guidance \(2 CFR § 200\)](#)
- [OMB Compliance Supplement](#)
- [OMB Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control"](#)
- [GAO "Standards for Internal Control in the Federal Government" aka Green Book](#)
- [GAO "Framework for Managing Fraud Risks in Federal Programs"](#)

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REPORTING TO OIG

Anyone knowing of fraud, waste, or abuse involving ED funds or programs should contact the OIG Hotline:

<http://OIGHotline.ed.gov>

We encourage you to use the automated complaint form on our website; however, you may also write the OIG at:

The Inspector General Hotline

U.S. Department of Education Office of Inspector General

400 Maryland Ave., SW

Washington, DC 20202

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Thank You!

Keith Cummins
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