
**Office of Inspector General Recommendations
Not Yet Implemented
by the Department of Education**

January 2001 through December 2007



January 31, 2008

Our mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations.

U.S Department of Education
Office of Inspector General
Washington, DC



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

January 31, 2008

The Honorable Henry Waxman
Chairman, Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515-6143

Dear Chairman Waxman:

In response to your December 7, 2007, request for a list of recommendations made by the Office of Inspector General to the U.S. Department of Education to reduce government waste and make federal education programs more efficient and effective, attached please find our report that presents the results of our review.

If you have any questions, or require any additional information, please do not hesitate to contact myself or Catherine Grant, our Public Affairs Liaison at (202) 245-7023.

Sincerely,

/s/

Thomas L. Sipes
Acting Inspector General

Enclosure

cc: The Honorable Tom Davis, Ranking Member, Committee on Oversight and
Government Reform
The Honorable Margaret Spellings, Secretary U.S. Department of Education

Office of Inspector General Recommendations
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Overview

On December 7, 2007, Chairman Henry Waxman, U.S. House of Representatives Committee on Oversight and Government Reform, requested that the U.S. Department of Education (Department), Office of Inspector General (OIG), compile a list of recommendations made that had not yet been implemented by the Department or by Congress. The information was requested to include recommendations made from January 1, 2001, to present. This report is that response.

OMB Circular A-50 (Circular), *Audit Followup*, require agencies to establish systems to assure the prompt and proper resolution and implementation of audit recommendations. The Circular provides definitions as follows:

- **Audit Resolution** – The point at which the audit organization and agency management or contracting officials agree on actions to be taken on reported findings and recommendations.
- **Corrective Action** – Measures taken to implement resolved audit findings and recommendations.

The Department tracks audit resolution and the implementation of corrective actions related to OIG products in its Audit Accountability and Resolution Tracking System (AARTS). The Office of the Chief Financial Officer (OCFO) maintains this system, which includes input from OIG and responsible program officials. AARTS includes recommendation-level detail for all reports where the Department is directly responsible for implementing corrective action. The system includes less detailed information on the status of individual recommendations made to non-federal entities, such as state educational agencies, local educational agencies, participants in the student financial assistance programs, contractors, or grantees. As such, OIG's response to the December 7, 2007, request includes only those recommendations for which the Department is directly responsible for implementing corrective action.

For the time period requested, we identified 241 OIG products that included 1,519 recommendations. Of that universe, the Department reported in AARTS that corrective actions had been completed for 207 products (86 percent) and 1,363 recommendations (90 percent). The remaining 34 products included 156 recommendations that the Department had not yet implemented. We did not identify any recommendations issued prior to January 1, 2001, that the Department had not yet implemented.

The 156 recommendations that the Department had not yet implemented are presented in chronological order, with the most recently issued recommendations presented first. We have categorized the recommendations, and included the recommendation-level detail in separate sections, as follows:

- **Section A – Recommendations Issued within the Last Six Months** presents recommendations made from July 1, 2007, through December 31, 2007. These recommendations are not considered overdue for resolution. A total of 9 products and 77 recommendations are included in this section.

- **Section B – Recommendations Issued January 1, 2007, through June 30, 2007**, presents recommendations made between six and twelve months ago. A total of 8 products and 19 recommendations are included in this section.
- **Section C – Recommendations Issued Prior to January 2007** presents recommendations made more than one year ago. A total of 17 products and 60 recommendations are included in this section.

A complete list of acronyms that are used throughout this report is provided in Appendix A, and a copy of the request from Chairman Waxman is provided in Appendix B.

In accordance with the request, this report presents only recommendations for which the Department has not completed corrective actions. All corrective actions reported as completed prior to January 1, 2008, are excluded from this report. OIG has not confirmed the Department's representations that corrective actions have been completed.

A summary schedule follows that lists the OIG products and the number of recommendations not yet implemented. The appendices provide detail on each OIG product, including report title, report number, date the report was issued, and link to the report on the OIG website. This information is followed by a brief summary of the objectives of the review, the findings, and the recommendation(s) for which corrective action has not been completed. Each recommendation is numbered to correspond with the specific finding. For example, a recommendation numbered 1.1 signifies it relates to Finding 1. Likewise, a recommendation numbered 2.1 relates to Finding 2. If no recommendations are included for a particular finding, all corrective actions related to that finding have been completed.

Under each recommendation is the current status (unresolved or resolved),¹ the planned completion date as reported by the Department in AARTS, any estimated cost savings, and a brief description of the non-monetary benefits of the recommendation. Except where noted, the Department did not provide information on any delays in implementing the recommendations included in this response. OIG has not confirmed the Department's explanations.

Periodically, OIG evaluates the effectiveness of the Department's audit followup system and corrective actions taken to address audit recommendations. The last such audit was issued February 27, 2006, and can be found on OIG's website at the following link: <http://oigmis3.ed.gov/auditreports/a19e0017.pdf>. The Department stated it has implemented all corrective actions related to this audit.

¹ A "resolved status" indicates that the Department has proposed corrective actions and OIG has agreed that the proposed actions should adequately address the recommendation. The Department's planned date for completing corrective actions is also provided. An "unresolved" status indicated that either the Department has not yet proposed corrective actions, or the Department and OIG have not agreed upon proposed corrective actions to address the recommendation. No planned completion dates are included for unresolved recommendations.

Office of Inspector General Recommendations
Not Yet Implemented by the U.S. Department of Education
January 2001 through December 2007

Summary Schedule

Report Title	Date Issued	Number of Unimplemented Recommendations	Report Page Number
Reports Issued July 1, 2007, through December 31, 2007 (see Section A)			
Financial Statement Audits – U.S. Department of Education for Fiscal Years (FY) 2007 and 2006	11/15/2007	5	5
Financial Statement Audits – Federal Student Aid for FY 2007 and 2006	11/15/2007	5	8
System Security Review of the Common Origination and Disbursement System for FY 2007	09/26/2007	54	11
Virgin Islands Department of Education’s Third Party Fiduciary Has Been Ineffective in Providing Fiscal Oversight and Management of Department Funds	09/26/2007	1	22
Inspection of Active Congressional Earmarks for FY 2005	09/25/2007	1	23
Review of Federal Student Aid’s Monitoring of Guaranty Agency Compliance with the Establishment of the Federal Fund and Operating Fund	09/07/2007	5	24
Controls Over Contract Monitoring for Federal Student Aid Contracts	08/24/2007	2	26
Department of Education’s Oversight of the Free Application for Federal Student Aid Verification Process	08/23/2007	2	27
Information Security Risk – Keylogger Vulnerability	07/02/2007	2	28
Subtotal Unimplemented Recommendations		77	
Reports Issued January 1, 2007, through June 30, 2007 (see Section B)			
Effectiveness of the Department’s Financial Management Support System Oracle 11i Re-Implementation	06/26/2007	6	29
Hurricane Education Recovery Act, Temporary Emergency Impact Aid	06/18/2007	3	32
Termination of Department of Education Network Access for Separated Employees	05/23/2007	3	34
Information Security Risk – Capturing of Internet Protocol Addresses	05/03/2007	1	36
Audit of the Discretionary Grant Award Process in the Office of Postsecondary Education	04/16/2007	1	37

Report Title	Date Issued	Number of Unimplemented Recommendations	Report Page Number
Review of the Department's Competitive Sourcing/ A-76 Competition	02/28/2007	1	38
The Department's Administration of Selected Aspects of the Reading First Program	02/22/2007	3	39
Conflicting Responsibilities Included in the EDNet Contract Performance Work Statement	02/16/2007	1	41
Subtotal Unimplemented Recommendations		19	
Reports Issued Prior to January 1, 2007 (see Section C)			
Controls Over Excess Cash Drawdowns by Grantees	12/18/2006	2	42
Audit of the Department of Education FY 2005 IT Equipment Inventory	11/29/2006	1	44
Financial Statement Audits – U.S. Department of Education for FY 2006 and FY 2005	11/15/2006	1	45
Review of Financial Partner's Monitoring and Oversight of Guaranty Agencies, Lenders, and Servicers	09/29/2006	14	46
Review of the Department's Online Privacy Policy and Protection of Sensitive Information	09/29/2006	1	50
Review of the Department's Incident Handling Program and Intrusion Detection System	09/28/2006	5	51
System Security Review of the Education Data Center for FY 2006	09/28/2006	5	53
The Reading First Program's Grant Application Process	09/22/2006	5	55
Telecommunications Billing Accuracy	02/01/2006	4	57
Audit of the Department's IT Contingency Planning Program – Asset Classification	01/31/2006	4	59
Department Activities Relating to Consolidating Funds in Schoolwide Programs Provisions	12/29/2005	4	61
Death and Total and Permanent Disability Discharges of FFEL and Direct Loan Program Loans	11/14/2005	1	63
Review of the Department's Incident Handling Program and EDNet Security Controls	10/06/2005	4	64
Review of the Department Identified Contracts and Grants for Public Relations Services	09/01/2005	6	66
Departmental Actions to Ensure Charter Schools' Access to Title I and <i>Individuals with Disabilities Act</i> , Part B Funds	10/26/2004	1	68
FSA Audits on Administrative Stay	05/04/2004	1	69
Contract Unliquidated Balances Converted from Department's Payment Management System	08/29/2002	1	70
Subtotal Unimplemented Recommendations		60	
Grand Total Unimplemented Recommendations		156	

**Section A - Recommendations Issued
Within the Last Six Months**
(July 1, 2007, through December 31, 2007)

Report/Recommendation Summary

This section presents those OIG work products released from July 1, 2007, through December 31, 2007. During this timeframe, OIG released 9 reports that included 98 recommendations for the Department to implement. Of that universe, 9 reports include 77 recommendations that have not yet been implemented. As these audits are less than six months old, OIG does not consider the recommendations overdue for resolution.

Report Title: **Financial Statement Audits – U.S. Department of Education for Fiscal Year (FY) 2007 and FY 2006**
Report Numbers: **A17H0003**
Report Issued: **11/15/2007**
Link to Report: <http://www.ed.gov/about/reports/annual/2007report/auditors.pdf>

Objective(s):

The objectives of the audit were to:

1. Provide an opinion on whether the financial statements are fairly presented in all material respects.
2. Report on internal controls that are intended to ensure that transactions are properly recorded to permit the preparation of reliable financial statements, maintain accountability for safeguarding of assets, and ensure that data supporting performance measures are properly recorded.
3. Report on compliance with laws and regulations that could have a direct and material effect on the financial statements.

Finding(s):

1. Continued focus on credit reform estimation and financial reporting processes. This is a modified repeat condition (MRC).²
2. Additional focus on program monitoring activities is needed.
3. Controls surrounding information systems need enhancement. (MRC)

² Modified Repeat Condition or MRC denotes that the recommendation was cited in a prior audit(s).

Recommendation(s) Not Yet Implemented by Department:

- 1.1 Continue to improve the analytical tools used for the loan estimation process and in periodic meetings of the Credit Reform Workgroup. Ensure that all analytical tools reconcile with one another to allow for their use as detect controls for loan program cost estimates.
 - Status - Unresolved.
 - Planned Completion Date - Not applicable, unresolved.
 - Estimated Cost Savings - Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits - More accurate measures of and budgeting for the cost of federal loan programs, enhanced credit reform estimation process, strengthened internal control and tools, greater program performance insight, more accurate cohort-level data.

- 1.2 Continue efforts to more fully implement cohort reporting with specific research on whether balances in the Department's financial records are supported by estimates, by cohort, from the Student Loan Model (SLM) and the newly developed cohort analysis tool, and that remaining credit reform estimates for each cohort are appropriate in relation to the remaining outstanding loans for such cohorts.
 - Status - Unresolved.
 - Planned Completion Date - Not applicable, unresolved.
 - Estimated Cost Savings - Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits - More accurate measures of and budgeting for the cost of federal loan programs, enhanced credit reform estimation process, strengthened internal control and tools, greater program performance insight, more accurate cohort-level data.

- 1.3 Document the consideration and ultimate resolution, in detail, of scenarios under which deviation from patterns of prior cash flows may be appropriate in developing credit reform estimates.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – More accurate measures of and budgeting for the cost of federal loan programs, enhanced credit reform estimation process, strengthened internal control and tools, greater program performance insight, more accurate cohort-level data.

- 2.1 Continue to re-assess oversight and monitoring practices to include a specific focus on the risks of each program in connection with its evaluation and assessment of internal control. This process should also address risks identified in other assessment, audit, and inspection activities. The identified risks and the controls identified to mitigate such risks, both of which should be thoroughly documented, serve as a starting point for identifying appropriate improvement initiatives. The Department and Federal Student Aid (FSA) should continue and refine efforts we were informed are underway to identify and implement, as appropriate, additional changes needed in the approach to program management, including procedures for performing program and monitoring reviews, and reviews of payments to Federal Family Education Loan (FFEL) program lenders and guaranty agencies prior to disbursement as appropriate.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Reduction in potential noncompliance with program requirements, reduction in deficiencies noted in the program oversight processes, improved program administration and performance, improved policies development and dissemination, better oversight over funds and disbursements.
- 3.1 Continue efforts to address security and control weaknesses disclosed in audit reports or identified in internal self-assessments with an emphasis on addressing the root cause of the security or control weakness uniformly across the organization, which should decrease the likelihood of a similar weaknesses being identified in future audit assessments and internal self-assessments.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Protection of mission critical systems, improved and consistent security configuration across the organization, greater and enhanced oversight over contractor supported systems, stronger security procedures and detection systems, strengthened internal control, improved protection and safeguarding of personally identifiable information (PII).

Report Title: Financial Statement Audits – Federal Student Aid
For FY 2007 and FY 2006
Issue Date: 11/15/2007
Report Number: A17H0004
Link to Report <http://www.ed.gov/about/offices/list/oig/auditreports/fy2008/a17h0004.pdf>

Objective(s):

The objectives of the audit were to:

1. Provide an opinion on whether the financial statements are fairly presented in all material respects.
2. Report on internal controls that are intended to ensure that transactions are properly recorded to permit the preparation of reliable financial statements, maintain accountability for safeguarding of assets; and ensure that data supporting performance measures are properly recorded.
3. Report on compliance with laws and regulations that could have a direct and material effect on the financial statements.

Finding(s):

1. Continued focus on credit reform estimation and financial reporting processes is warranted. (MRC)
2. Additional focus on program monitoring activities is needed.
3. Controls surrounding information systems need enhancement. (MRC)

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Continue to improve the analytical tools used for the loan estimation process and in periodic meetings of the Credit Reform Workgroup. Ensure that all analytical tools reconcile with one another to allow for their use as detect controls for loan program cost estimates.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – More accurate measures of and budgeting for the cost of federal loan programs, enhanced credit reform estimation process, strengthened internal control and tools, greater program performance insight, more accurate cohort-level data.

- 1.2 Continue efforts to more fully implement cohort reporting, with specific research on whether balances in the Department's and FSA's financial records are supported by estimates, by cohort, from the SLM and the newly developed cohort analysis tool, and that remaining credit reform estimates for each cohort are appropriate in relation to the remaining outstanding loans for such cohorts.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – More accurate measures of and budgeting for the cost of federal loan programs, enhanced credit reform estimation process, strengthened internal control and tools, greater program performance insight, more accurate cohort-level data.
- 1.3 Document the consideration and ultimate resolution, in detail, of scenarios under which deviation from patterns of prior cash flows may be appropriate in developing credit reform estimates.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – More accurate measures of and budgeting for the cost of federal loan programs, enhanced credit reform estimation process, strengthened internal control and tools, greater program performance insight, more accurate cohort-level data
- 2.1 Continue to re-assess oversight and monitoring practices to include a specific focus on the risks of each program in connection with its evaluation and assessment of internal control. This process should also address risks identified in other assessment, audit and inspection activities. The identified risks and the controls identified to mitigate such risks, both of which should be thoroughly documented, serve as a starting point for identifying appropriate improvement initiatives. The Department and FSA should continue and refine efforts we were informed are underway to identify and implement, as appropriate, additional changes needed in the approach to program management, including procedures for performing program and monitoring reviews, and reviews of payments to FFEL lenders and guaranty agencies prior to disbursement as appropriate.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Reduction in potential noncompliance with program requirements, reduction in deficiencies noted in the program oversight processes, improved program administration and performance, improved policies development and dissemination, better oversight over funds and disbursements

3.1 Continue efforts to address security and control weaknesses disclosed in audit reports or identified in internal self-assessments with an emphasis on addressing the root cause of the security or control weakness uniformly across the organization, which should decrease the likelihood of a similar weaknesses being identified in future audit assessments and internal self-assessments.

- Status – Unresolved.
- Planned Completion Date – Not applicable, unresolved.
- Estimated Cost Savings – Not applicable, non-monetary recommendation.
- Other Non-monetary Benefits – Protection of mission critical systems, improved and consistent security configuration across the organization, greater and enhanced oversight over contractor supported systems, stronger security procedures and detection systems, strengthened internal control, improved protection and safeguarding of PII.

Report Title: System Security Review of the Common Origination and Disbursement System for FY 2007
Issue Date: 9/26/2007
Report Number: A11H0001
Link to Report: Not posted, sensitive data³

Objective(s):

The objective of the audit was to evaluate management, operational, and technical controls of the FSA system security program in accordance with the *Federal Information Systems Management Act* (FISMA). This included auditing the FSA-managed Common Origination and Disbursement (COD) system and the outsourced service provider that hosts the system.

Finding(s):

1. FSA needs to improve controls over COD certification and accreditation (C&A) program.
2. FSA needs to improve controls over risk assessment.
3. FSA did not ensure the contractor documented roles, provided specialized training, and developed formal documented procedures for implementing the security awareness and training program.
4. FSA did not ensure configuration management controls were effective.
5. Improvements are needed for the COD contingency planning program.
6. FSA did not ensure effective reporting for the incident response and handling program.
7. FSA did not ensure adequate media protection controls.
8. FSA did not ensure adequate physical and environmental protection of the COD system.
9. FSA did not effectively monitor personnel security controls.
10. FSA did not ensure the contractor provided proper access controls.
11. FSA did not ensure the contractor provided proper audit and accountability controls.
12. FSA did not effectively monitor the contractor to ensure proper identification and authentication controls.
13. FSA needs to improve controls for safeguarding PII.
14. FSA did not adequately monitor the COD system contractor.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Monitor and document the development, management, operation, and security of all connections between the COD and interfacing systems.
 - Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Identification of risk to the Department, strengthened internal control.

³ Reports containing sensitive data are not posted on the OIG website.

- 1.3 Ensure that all risk categorization frequency and intensity are commensurate with the potential harm to the Department's operations, and all vulnerabilities previously identified during the 2004 C&A process are mitigated.
- Status – Resolved.
 - Planned Completion Date – 01/07/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 1.4 After an adequate review of all interconnected systems and assessment of the appropriate risk categorization to all vulnerabilities, document and reflect the results in an updated C&A package.
- Status – Resolved.
 - Planned Completion Date – 01/07/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced monitoring of the development, management, operations, and security of connections between interfacing systems, strengthened internal control.
- 2.1 Conduct a risk assessment that adheres to current federal requirements and identifies current system vulnerabilities.
- Status – Resolved.
 - Planned Completion Date – 01/07/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Supports organization business objectives or mission, identifies system potential threats and vulnerabilities, strengthened internal control, compliance with laws and/or regulations.
- 2.2 Establish controls to ensure that risk assessments are conducted at least every three years or when there is a major change in the COD environment, whichever occurs first.
- Status – Resolved.
 - Planned Completion Date – 01/07/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Reduces risk to an acceptable level, ensures compliance with laws/regulations.
- 2.3 Develop and implement a plan of action to mitigate/correct identified risks and vulnerabilities.
- Status – Resolved.
 - Planned Completion Date – 01/22/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk, strengthened internal control.

- 3.1 Develop and document all roles and responsibilities for all personnel with access to COD, in accordance with National Institute of Standards and Technology (NIST), Office of Management and Budget (OMB) guidance, and contract requirements.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, provides separation of duties and assists in establishing security awareness and training requirements.
- 3.2 Maintain, update and disseminate the list of roles and responsibilities for all personnel.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensures that each person involved understands their roles and responsibilities and is adequately trained, strengthened internal control.
- 3.3 Provide specialized training programs for firewall, Windows operating system, and Intrusion Prevention System (IPS) administrators and any refresher training required to perform their responsibilities.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, increased system security.
- 4.1 Develop an up-to-date configuration management plan to address all required elements. The new plan should refer to the proper release of the COD system, and a current audit plan.
- Status – Resolved.
 - Planned Completion Date – 04/16/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Established control for baseline configurations, strengthened internal control.
- 4.3 Ensure that the contractor establishes procedures for testing the IPS and firewall configurations before implementing changes.
- Status – Resolved.
 - Planned Completion Date – 02/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, strengthened internal control.

- 4.4 Direct the contractor to securely configure servers, databases, and routers.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 4.5 Establish and implement an effective contract monitoring plan to ensure that the contractor is fulfilling responsibilities under the contract, and the COD system has the proper configuration management controls in place to protect Department information.
- Status – Resolved.
 - Planned Completion Date – 11/01/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased assurance that actions are appropriate, and increased system security, reduced risk.
- 5.1 Develop an up-to-date disaster recovery plan that includes providing details of changes that may have occurred throughout the different system releases, ensuring the listing of system names reflects the current inventory device name/host name/web address, and documenting testing scenario details and testing criteria to provide a consistent baseline of scenarios and criteria to judge the impact of the disaster recovery test and results.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, increased system security, reduced risk.
- 5.3 Develop and implement a plan of action to mitigate/correct identified risks and vulnerabilities.
- Status – Resolved.
 - Planned Completion Date – 02/29/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system availability and data security.
- 6.1 Establish and implement an effective contract monitoring plan to ensure the contractor is fulfilling the responsibilities under the contract, and that the COD system is properly monitored for all suspicious activities and security incidents are properly reported in accordance with Department and FSA incident response and handling programs.
- Status – Resolved.
 - Planned Completion Date – 04/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased assurance that actions are appropriate and that proper resolutions are attained for incidents and/or suspicious activities, strengthened internal control.

- 6.2 Direct the contractor to incorporate incident handling and response processes and reporting as a part of the COD system security plan, in accordance with Department and FSA guidance.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 7.2 Require that a review for media storage be included on the next physical security assessment and each assessment performed thereafter.
- Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure adequate media protection controls, increased system security, reduced risk.
- 7.3 Affix external labels to removable information system media and information system output indicating the distribution limitations, handling caveats, and applicable security markings (if any) of the information for all tapes at the contractor’s site containing COD information.
- Status – Resolved.
 - Planned Completion Date – 02/01/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, reduced risk.
- 8.1 Perform an adequate periodic agency review of the physical access controls for COD, including both the north and east data centers.
- Status – Resolved.
 - Planned Completion Date – 02/29/2008.
 - Estimated Cost Savings – Not quantified.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, increased system security, reduced risk.
- 8.2 Ensure that the contractor adequately manages all environmental controls and inspections for the fire extinguishers, diesel storage tanks, and fire suppression cylinders.
- Status – Resolved.
 - Planned Completion Date – 02/29/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure adequate environmental controls, increased system security, enhanced data reliability and availability.

- 8.3 Correct all environmental control problems, including proper inspections, maintenance, and signage requirements.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure adequate environmental controls and system data availability.
- 9.4 Conduct a thorough annual review of the access control listing to verify whether contractors accessing COD have the proper background investigation that is commensurate with the level of harm that can be inflicted to the COD system.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased assurance that actions are appropriate, increased system and data security, reduced risk.
- 9.5 Suspend or obtain interim clearances for system access for those personnel that do not have complete, required background investigations, interim clearances, or security risk assessments, until security investigations are completed.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased assurance that actions are appropriate, strengthened internal control, increased system security.
- 10.1 Configure servers, IPS, routers, and firewalls to prevent disclosure of sensitive network information, potential malicious attacks, and performance degradation.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Provide adequate controls over access, audit and accountability, identification and authentication, and PII, strengthened internal control.
- 10.2 Ensure proper authorization for user accounts on servers, IPS, routers and switches.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.

- 10.3 Ensure proper management of user rights, permissions, and system services.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced internal control over resources/actions, increased system security.
- 10.4 Implement use of NIST checklists, so that the contractor can improve security on the COD's servers, IPS, routers, and firewalls.
- Status – Resolved.
 - Planned Completion Date – 5/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, increased system security, reduced risk.
- 10.5 Establish and implement an effective contract monitoring plan to ensure that the contractor is fulfilling its responsibilities under the contract, and that the COD system is properly configured to mitigate internal threats to the COD environment.
- Status – Resolved.
 - Planned Completion Date – 11/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased effectiveness, strengthened internal control.
- 11.1 Develop, maintain, and effectively enforce well-defined policy and procedures containing roles and responsibilities and rules of behavior for firewall administrators.
- Status – Resolved.
 - Planned Completion Date – 04/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 11.2 Correct the identified discrepancies on all firewalls.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 11.3 Properly configure network devices and servers to enforce separation of duties by limiting system access in accordance with assigned roles and responsibilities.
- Status – Resolved.
 - Planned Completion Date – 04/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Avoid potential conflicts of interest, allow appropriate monitoring of administrator activities, increased system security, reduced risk.

- 11.4 Adhere to the Department's incident response program policy to configure IPS, routers, and switches to detect and alert suspicious network activities.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure that access and modification of sensitive or critical files are closely logged and monitored to prevent inappropriate activities, increased system security, reduced risk.
- 11.5 Communicate and effectively enforce audit policy and procedures to all employees.
- Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control over resources/actions, increased system security.
- 11.6 Properly configure IPS, routers, and switches to collect, maintain, and protect audit logs.
- Status – Resolved.
 - Planned Completion Date – 07/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 11.7 Properly maintain security logs and periodically review the logs for IPS, routers, and switches, according to the Department's Information Assurance Security Policy.
- Status – Resolved.
 - Planned Completion Date – 07/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, and increased system security, reduced risk.
- 11.8 Implement proper system audit configurations to detect suspicious activities and to prevent unauthorized access.
- Status – Resolved.
 - Planned Completion Date – 07/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 11.9 Correct audit configurations for routers, servers, and databases.
- Status – Resolved.
 - Planned Completion Date – 07/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Facilitate the implementation of the audit and accountability policy and associated audit and accountability controls, strengthened internal control.

- 12.1 Configure all servers and devices to ensure logging capability is properly configured to record or identify unauthorized transactions or functions.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enable system administrators to isolate system anomalies and possible security breaches, increased system security, reduced risk.
- 12.2 Effectively perform user account and password maintenance.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Prevent unauthorized access to system resources, increased system security, reduced risk.
- 12.3 Remove unnecessary functions or accounts from the COD system.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Prevent loss or unauthorized disclosure of sensitive Department information, strengthened internal control over resources.
- 12.4 Ensure that the contractor follows through to implement actions for logging and access discrepancies.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased assurance that actions are appropriate, reduced risk.
- 12.5 Require the contractor to revise the COD system security plan to comply with Department directives.
- Status – Resolved.
 - Planned Completion Date – 03/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations, increased system security, reduced risk.

- 12.6 Schedule periodic reviews of the configuration to ensure that the controls are operating as intended.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.
- 13.1 Ensure that the contractor removes any unneeded data from the system.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk
- 13.2 Ensure that the contractor safely stores all internal transaction logs.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Maintain control and prevent unauthorized access, increased system security.
- 13.3 Ensure that the contractor preserves event logs.
- Status – Resolved.
 - Planned Completion Date – 09/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure an audit trail can be reviewed to identify repeat attacks, increased system security.
- 13.4 Ensure that the contractor establishes policies to safeguard backed-up data.
- Status – Resolved.
 - Planned Completion Date – 02/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control over resources/actions.
- 13.5 Ensure that the contractor handles disposal of privacy related data in a secure manner.
- Status – Resolved.
 - Planned Completion Date – 08/15/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, strengthened internal control.

- 13.6 Ensure that system policy describes actionable items related to privacy data.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure the Department identifies and provides information security protection commensurate with the risk and magnitude of the harm resulting from the unauthorized access, use, disclosure, disruption, modification, or destruction of information or information systems.
- 13.7 Ensure that the recommendations in previous sections are evaluated as to how they ultimately impact safeguarding PII, and take action commensurate with the risk and magnitude of harm resulting from data compromise.
- Status – Resolved.
 - Planned Completion Date – 09/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.
- 14.2 Develop an effective contract monitoring plan to ensure that all aspects of the contract are appropriately monitored and Department policies are followed, including the deficiencies specifically noted in this report.
- Status – Resolved.
 - Planned Completion Date – 09/26/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased assurance that actions are appropriate, reduced risk.
- 14.3 Ensure the Contracting Officer (CO), Contracting Officer's Representative (COR), other FSA staff, and contractors involved in contract management, meet to review the contract monitoring plan and agree upon the methodology for monitoring the remainder of this contract. Ensure all parties understand their responsibilities for contract monitoring.
- Status – Resolved.
 - Planned Completion Date – 10/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased effectiveness and system security.
- 14.5 Ensure that all future system contracts include requirements for documentation supporting scans, tests, and analyses conducted, and decisions made on the risks and mitigating factors considered, in support of the contractor's recommendations.
- Status – Resolved.
 - Planned Completion Date – 12/31/2009.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Ensure full support of work performed to ensure the Department's credibility with regard to any statements provided, increased system security.

Report Title: Virgin Islands Department of Education’s Third Party Fiduciary Has Been Ineffective in Providing Fiscal Oversight and Management of Federal Education Funds
Issue Date: 9/26/2007
Report Number: L02H0011 (Alert Memorandum⁴)

Objective(s):

The purpose of this alert memorandum was to inform the Department that the Virgin Islands Department of Education’s (VIDE) third party fiduciary has been ineffective in providing fiscal oversight and management of federal education funds.

Finding(s):

1. VIDE third party fiduciary has been ineffective in providing fiscal oversight and management of federal education funds.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Evaluate the lapsing of VIDE funds, numerous technical issues preventing full implementation of the third party fiduciary arrangement, the fiduciary’s serious internal control and financial weaknesses, the fiduciary’s security of confidential information and records in accordance with all applicable laws, and the fiduciary’s performance of its duties in accordance with its contract requirements. These matters should be addressed prior to the approval of the 2006 Consolidated Grant application.
 - Status – Resolved.
 - Planned Completion Date – 02/29/2008.
 - Estimated Cost Savings – Not quantified.
 - Other Non-monetary Benefits – Enhanced program effectiveness, minimize future lapsed funds.

⁴ Alert Memoranda are prepared when a serious condition is identified that requires immediate Department management action that is either outside the agreed-upon objectives of an on-going audit or inspection assignment or is identified while engaged in work not related to an on-going assignment when an audit or inspection report will not be issued. Alert memoranda are not on the OIG website and are not publicly distributed.

Report Title: Inspection of Active Congressional Earmarks in
FY 2005
Issue Date: 9/25/2007
Report Number: I13H0004 (Inspection Report⁵)
Link to Report: <http://www.ed.gov/about/offices/list/oig/aireports/i13h0004.pdf>

Objective(s):

The objectives of our inspection were to:

1. Determine the total number and cost of congressional earmarks within the Department in FY 2005, including the cost of the earmark and related costs such as staff time and administration.
2. Determine the adequacy of the oversight conducted on congressional earmarks under the Fund for the Improvement of Postsecondary Education (FIPSE) and the Fund for the Improvement of Education (FIE.)
3. Determine the overall impact of FIPSE and FIE congressional earmarks on advancing the primary mission and goals of the Department.

Finding(s):

1. Monitoring of earmarks within the Department is not consistent and the amount of time devoted to monitoring earmarks may not be sufficient to hold earmark recipients accountable.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Develop a methodology to ensure that earmark recipients are held accountable for the Federal funds they receive.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight.

⁵ *Inspections* are analyses, evaluations, reviews or studies of the Department's programs. The purpose of an inspection is to provide Department decision makers with factual and analytical information, which may include an assessment of the efficiency and effectiveness of their operations, and vulnerabilities created by their existing policies or procedures. They are performed in accordance with the 2005 President's Council on Integrity and Efficiency *Quality Standards for Inspections* appropriate to the scope of the inspection

Report Title: Review of Federal Student Aid’s Monitoring of Guaranty Agency Compliance with the Establishment of the Federal Fund and the Operating Fund
Issue Date: 9/07/2007
Report Number: I13H0001 (Inspection Report)
Link to Report: <http://www.ed.gov/about/offices/list/oig/aireports/i13h0001.pdf>

Objective(s):

The objective of our inspection was to determine the adequacy of FSA’s support for its conclusions concerning the establishment of the Federal Fund and the Operating Fund at the 27 guaranty agencies not audited by OIG in 2003. The OIG audited nine guaranty agencies and reported the results in the 2003 OIG Audit, *Oversight Issues Related to Guaranty Agencies Administration of the Federal Family Education Loan Program Federal and Operating Funds*.

Finding(s):

1. The work performed by FSA on the 27 guaranty agencies not audited by OIG provides no assurance that the Federal and Operating Funds were established in compliance with the *Higher Education Act of 1965*, as amended (HEA).

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Perform onsite program reviews to examine supporting records for the establishment of the Federal and Operating Funds at the 27 guaranty agencies not previously reviewed by OIG to ensure that the funds were established in accordance with the HEA, including the requirement for the use of the cash basis of accounting.
 - Status – Resolved.
 - Planned Completion Date – 12/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 1.2 Ensure that the program reviewers have the requisite accounting knowledge to sufficiently evaluate the establishment of the Federal and Operating Funds.
 - Status – Resolved.
 - Planned Completion Date – 12/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.

- 1.3 Ensure that adequate resources are devoted to perform the program reviews, e.g., adequate staff days and travel funds.
- Status – Resolved.
 - Planned Completion Date – 12/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 1.4 In performing the program reviews, identify, quantify, and report as erroneous payments any lost revenue to the Federal Fund that resulted from the incorrect assessment of usage fees.
- Status – Resolved.
 - Planned Completion Date – 12/31/2008.
 - Estimated Cost – Not quantified. Implementation of the recommendation will result in quantification of erroneous payments.
 - Other Non-monetary – Increased accuracy in reporting improper payments, enhanced program effectiveness and compliance, improved monitoring and oversight.
- 1.5 In performing the program reviews, identify any improper purchases made by guaranty agencies prior to the establishment of the Federal and Operating Funds, and require full repayment to the Federal Fund.
- Status – Resolved.
 - Planned Completion Date – 12/31/2008.
 - Estimated Cost Savings – Not quantified. Implementation of the recommendation will result in quantification of funds to be repaid.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.

Report Title: Controls over Contract Monitoring for Federal Student Aid Contracts
Issue Date: 8/24/2007
Report Number: A19G0006
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a19g0006.pdf>

Objective(s):

The objectives of our audit were to determine whether FSA's contract monitoring process ensures that contractors adhere to the requirements of the contract, and that FSA receives the products and services intended.

Finding(s):

1. Improvements were needed in the monitoring of FSA contracts.

Recommendation(s) Not Yet Implemented by the Department:

- 1.3 Develop and implement a process to ensure acceptance/rejection of deliverables is appropriately communicated by the COR to the CO. Ensure the CORs provide written recommendations of deliverable acceptance/rejection to the COs.
 - Status – Resolved.
 - Planned Completion Date – 3/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced contractor compliance with terms and conditions, increased strength of the Department's position in the case of any dispute.
- 1.6 Ensure COR appointment letters are issued timely by the CO, and signed and returned timely by the COR. Review all FSA contracts to ensure that all current CORs have received an appointment letter and that a signed copy is included in the contract file.
 - Status – Resolved.
 - Planned Completion Date – 12/31/2007.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced understanding of COR responsibilities under the contract.

Report Title: Department of Education’s Oversight of the Free Application for Federal Student Aid Verification Process
Issue Date: 8/23/2007
Report Number: A09G0012
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a09g0012.pdf>

Objective(s):

Our audit objective was to determine if the Department had adequate procedures for evaluating the effectiveness of the Free Application for Federal Student Aid (FAFSA) verification process and ensuring that schools completed verification requirements for award year 2005-2006.

Finding(s):

1. The Department could further enhance its procedures for ensuring schools complete FAFSA verification requirements.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Conduct program reviews, provide technical assistance, or take other actions to ensure that the schools we identified in our May 2, 2007, memorandum have completed verification and have accurately reported the results to the Department.
 - Status – Resolved.
 - Planned Completion Date – 01/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 1.3 Require schools to report an S status to the COD system for a student whose application was selected by Central Processing System for verification, but the verification was not completed because the student was exempt under 34 C.F.R. § 668.54(b).
 - Status – Resolved.
 - Planned Completion Date – 09/30/2009.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved data reliability/accuracy.

Report Title: Information Security Risk – Keylogger Vulnerability
Issue Date: 7/02/2007
Report Number: L11H0002 (Alert Memorandum)

Objective(s):

The purpose of this alert memorandum was to bring attention to an increase of information security risk associated with keylogger⁶ activities.

Finding(s):

1. The Department did not always effectively identify potential compromised accounts.
2. The Department lacks a coordinated strategy to mitigate keylogger risks.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Develop and implement a plan to mitigate the risks presented by keyloggers. This plan should include policies and procedures to ensure that all potentially compromised accounts reported by the United States Computer Emergency Readiness Team are thoroughly reviewed and appropriate actions taken.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Proactively implement appropriate information security controls to support the mission while managing evolving information security risks, strengthen internal control.
- 1.3 Ensure that the Department’s customer base is educated as to keylogger and other threats, without increasing these threats, including modifying existing web pages to require the user to read and "click-through" an informational warning.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased awareness to identify threats, increased system security.

⁶ Keyloggers are diagnostic tools that capture user’s keystrokes, make screenshots within the specified time intervals, and save and record all activity (including passwords).

Section B – Recommendations Issued between January 1, 2007, through June 30, 2007

Report/Recommendation Summary

This section presents those OIG work products released from January 1, 2007, through June 30, 2007. During this timeframe, OIG released 13 reports that included 52 recommendations for the Department to implement. Of that universe, 8 reports include 19 recommendations that have not yet been implemented.

Report Title: **Effectiveness of the Department’s Financial Management Support System Oracle 11i Re-Implementation**
Issue Date: **6/26/2007**
Report Number: **A11F0005**
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a11f0005.pdf>

Objective(s):

The objective of our audit was to assess the effectiveness of the overall project management of the Department’s Financial Management Support System (FMSS) re-implementation. In particular, we assessed: (1) the project’s system development methodology to manage system requirements; (2) the project’s Earned Value Management System (EVMS) implementation to control project scope, costs, and schedules; (3) aspects of contract monitoring, change control and risk management; (4) the Department’s use of Independent Verification and Validation (IV&V) services; and (5) the Department’s Information Technology (IT) capital asset management and oversight practices.

Finding(s):

1. The Department needs to improve project management planning, execution, and control.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Strengthen the March 2006 EVMS policy by developing EVMS monitoring procedures for CORs, COs, and project managers, and for Investment Acquisition Management Services (IAMS)/Contracts and Acquisitions Management (CAM) oversight.
 - Status – Resolved.
 - Planned Completion Date – 01/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.
- 1.2 Modify Administrative Communication System (ACS) Directive, Office of the Chief Financial Officer (OCFO): 2-108, to require a documented monitoring plan for all major IT investments, commensurate with project risks (e.g., complexity, cost, length, lifecycle stage); and make necessary adjustments to associated procedures.

- Status – Resolved.
 - Planned Completion Date – 01/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.
- 1.3 Develop an IV&V services ACS Directive that establishes: (1) IV&V independence from the project served; (2) documented disposition of significant or repeated IV&V findings; and (3) periodic communication of IV&V findings to oversight bodies and project stakeholders at all levels.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, strengthened internal control.
- 3.1 Direct the Chief Financial Office (CFO) and Chief Information Officer (CIO) to work jointly to coordinate CAM and IAMS oversight and monitoring functions, and to develop a mandatory project and contract monitoring curriculum that focuses on: (a) establishing and carrying out a comprehensive contract monitoring plan for major IT investments; (b) EVMS compliance monitoring and reviewing a contractor’s periodic status reports; and (c) using EVMS variances and forecasts to mitigate project risks.
- Status – Resolved.
 - Planned Completion Date – 07/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.
- 5.1 Direct the Investment Review Board Chair, the CFO, and the CIO to jointly improve IT acquisition and the IT Investment Management program to make oversight practices more effective by making the Capital Planning and Investment Control (CPIC) “Evaluate” phase applicable at the conclusion of any major system enhancements, and ensuring that CPIC oversight functions are able to ascertain whether/verify that: (a) tangible investment outcomes are established prior to capital investment approval; (b) the EVMS effectively complies with all essential industry standard guidelines; (c) the project has provided reliable performance results information to all decision-makers and stakeholders sufficient for informed decision making; (d) the disposition of IV&V findings is adequate and risks resulting from disposition are acceptable; and (e) project managers generally follow project plans, departures are documented, and resulting risks are understood and acceptable.
- Status – Resolved.
 - Planned Completion Date – 3/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control and project management.

6.1 Direct the CIO to determine the feasibility and advisability of consolidating system development infrastructures agency-wide and offering centralized expert support to development projects.

- Status – Resolved.
- Planned Completion Date – 01/30/2009.
- Estimated Cost Savings – Not applicable, non-monetary recommendation.
- Other Non-monetary Benefits – Increased efficiency and effectiveness, strengthened internal control.

Report Title: Hurricane Education Recovery Act, Temporary Emergency Impact Aid
Issue Date: 6/18/2007
Report Number: L06H0008 (Alert Memorandum)

Objective(s):

During our audits of the Hurricane Education Recovery Act, Temporary Emergency Impact Aid (EIA) at the Texas Education Agency (TEA) and the Louisiana Department of Education (LDE), we became aware of displaced students being counted in both states in the same quarter. The purpose of this alert memorandum was to bring our concerns to the Department's attention so as to expedite corrective measures regarding this issue. We are concerned that similar problems may be occurring in other states that received EIA funds.

Finding(s):

1. Comparison of TEA and LDE databases identified duplicate student counts.
2. Comparison of displaced students in at least 10 states needed to determine duplicates.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Coordinate with TEA and LDE to determine the circumstances of the duplicate counts and, where appropriate, determine the amount each state should refund due to the duplicate student counts we identified.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings –\$799,500 in duplicate payments made.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance.
- 2.1 At a minimum, take a sample of at least the 10 states that received the majority (91 percent) of the EIA funding and compare between those states to determine whether additional duplicate counting and duplicate EIA funding exists.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not quantified. Implementation of the recommendation will result in determination of any additional duplicate payments made.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance.
- 2.2 Ensure collection of any amounts disbursed based on duplicate displaced student counts.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.

- Estimated Cost Savings – Not quantified. Implementation of Recommendation 2.1 above will result in determination of any additional duplicate payments made.
- Other Non-monetary Benefits – Enhanced program effectiveness and compliance.

Report Title: Audit of the Termination of Department of Education Network Access for Separated Employees
Issue Date: 5/23/2007
Report Number: A19G0012
Link to the Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a19g0012.pdf>

Objective(s):

The objectives of our audit were to determine whether access to the Department's computer network, Education Network (EDNet), was terminated timely for employees who separated from the Department and, in cases where access was not terminated timely, to determine whether separated employees accessed EDNet after their departure, and if so, assess the impact of that access.

Finding(s):

1. Improvements are needed in the Department's process for terminating access of separated employees.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Review the *Handbook for Information Assurance Security Policy, Information Technology Security Controls Reference Guide*, the Department's *Directive on the Clearance of Personnel for Separation or Transfer*, and the *EDNet System Security Plan* and make revisions, as necessary, to ensure consistency of guidance with regard to timeliness of notification of separation, method of notification, and account termination. Consider consolidating some of these documents, if feasible, to reduce duplication and confusion.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced use of resources, strengthened internal control, improved monitoring and oversight, enhanced protection of systems and data.
- 1.2 Revise the clearance form to require Principal Office (PO) IT coordinators to certify that an Account Termination Form has been completed and will be submitted to the Department's Help Desk immediately upon the employee's separation from the Department.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved monitoring and oversight, enhanced protection of systems and data.

- 1.3 Amend the Department's policies and procedures, EDNet Access Control and Help Desk Standard Operating Procedures, and the EDNet contract to establish consistent guidance on the retention period for requests and other supporting documentation related to account terminations, as well as archiving and purging procedures and timeframes.
- Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.

Report Title: Information Security Risk – Capturing of Internet Protocol Addresses
Issue Date: 5/03/2007
Report Number: L21H0012 (Alert Memorandum)

Objective(s):

The purpose of this alert memorandum is to bring attention to a significant IT security risk with FSA's failure to capture the originating Internet Protocol (IP) addresses of users logging in to major FSA systems.

Finding(s):

1. FSA did not capture the originating IP addresses of users logging in to major FSA systems.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Make the necessary changes to FSA systems that would require the capturing of every user's IP address who logs in to the systems.
 - Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risk.

Report Title: Audit of the Discretionary Grant Award Process in the Office of Postsecondary Education
Issue Date: 4/16/2007
Report Number: A19G0001
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a19g0001.pdf>

Objective(s):

The objectives of our audit were to evaluate the effectiveness of the Office of Postsecondary Education's (OPE) grant award process, and determine if FY 2005 awards were made to appropriately qualified entities.

Finding(s):

1. OPE staff did not ensure grantees complied with OMB Circular A-133 audit requirements.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Ensure staff are aware of and screen for compliance with audit requirements prior to making noncompeting continuation awards, as required.
 - Status – Resolved.
 - Planned Completion Date – 5/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness, improved monitoring and compliance.

Report Title: Review of the Department’s Competitive Sourcing/A-76 Competition
Issue Date: 2/28/2007
Report Number: I13G0004 (Inspection Report)
Link to Report: <http://www.ed.gov/about/offices/list/oig/aireports/i13g0004.pdf>

Objective(s):

The objectives of our inspection were to:

1. Determine whether Human Resources Services is meeting the performance requirements in the Letter of Obligation and the Agency Tender.
2. Determine whether Human Resources Services is meeting the cost savings identified in the Letter of Obligation and Agency Tender.

Finding(s):

1. The Department did not provide the Most Efficient Organization (MEO) with the resources specified in the agreement.
2. The MEO does not generate adequate performance data to assess compliance with the performance standards in the agreement.
3. OCFO has not monitored MEO compliance with the performance standards in the agreement.
4. Neither OCFO nor the MEO has sought a modification to the agreement.
5. The Department is not meeting the cost savings identified in the agreement and is overstating its cost savings to OMB and Congress.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Reconsider how to best provide the Department with the competed human resources and training functions and determine whether the MEO should continue.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced use of resources and management effectiveness.

Report Title: The Department's Administration of Selected Aspects of the Reading First Program
Issue Date: 2/22/2007
Report Number: A03G0006
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a03g0006.pdf>

Objective(s):

The objective of our audit was to determine whether the Department carried out its role in accordance with applicable laws and regulations in administering the Reading Leadership Academies (RLA) and related meetings and conferences, the National Center for Reading First Technical Assistance contract award process, and its website and guidance for the Reading First program.

Finding(s):

1. Sessions at the Secretary's RLAs focused on a select number of reading programs.
2. The Secretary's RLA handbook and guidebook appeared to promote the *Dynamic Indicators of Basic Early Literacy Skills* assessment test.
3. The Department did not adequately assess issues of bias and lack of objectivity.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Establish controls to ensure compliance with, and avoid the appearance of violating the *Department of Education Organization Act (DEOA)* and *No Child Left Behind Act of 2001 (NCLB)* curriculum provisions, especially when organizing conferences where specific programs of instruction are likely to be formally discussed or presented at Department sponsored events.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.
- 2.1 Establish controls to ensure the Department does not promote curriculum or create the appearance that it is endorsing or approving curriculum in its conference materials and related publications.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.

- 3.1 Establish controls to ensure adequate assessments of bias and lack of objectivity for individuals proposed to perform Department contract work are performed by the Department and its contractors.
- Status – Resolved.
 - Planned Completion Date – 01/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.

Audit Title: Conflicting Responsibilities Included in the EDNet Contract Performance Work Statement
Issue Date: 2/16/2007
Report Number: L19H0006 (Alert Memorandum)

Objective(s):

The purpose of this alert memorandum was to inform the Department of concerns regarding conflicting responsibilities in the EDNet contract Performance Work Statement.

Finding(s):

1. The EDNet contract's Performance Work Statement included conflicting responsibilities related to IT network security.

Recommendation(s) Not Yet Implemented by the Department:

- 1.2 Establish additional monitoring and oversight, through use of the EDNet IV&V contractor or other means, to ensure that the contractor is appropriately monitoring, detecting, and reporting on network security.
 - Status – Resolved.
 - Planned Completion Date – 2/1/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced network security.

Section C – Recommendations Issued Prior to January 2007

(January 1, 2001, to December 31, 2006)

Report/Recommendation Summary

This section presents those OIG work products released from January 1, 2001, through December 31, 2006. During this timeframe, OIG released 219 reports that included 1,369 recommendations for the Department to implement. Of that universe, 17 reports include 60 recommendations that have not yet been implemented.

Report Title: Controls over Excessive Cash Drawdowns by Grantees
Issue Date: 12/18/2006
Report Number: A19F0025
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a19f0025.pdf>

Objective(s):

The objective of our audit was to determine whether the Department's controls identify and prevent excessive cash drawdowns by grantees.

Finding(s):

1. Excessive drawdown reports did not effectively identify all potentially excessive cash drawdowns.
2. Grants Policy and Oversight staff (GPOS) did not ensure POs monitored excessive drawdowns.
3. Improvements are needed in use of payment flags to prevent inappropriate drawdowns.
4. The Department did not monitor formula grants through the excessive drawdown reports.

Recommendation(s) Not Yet Implemented by the Department:

- 1.3 Design additional fields in Grant Administration and Payment System to allow GPOS to enter resolution information for potentially excessive drawdowns so that, if resolved, the grants do not appear on future reports until the next threshold is reached.
 - Status – Resolved.
 - Planned Completion Date – 12/31/2009.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced monitoring and compliance, improved use of resources.

- 3.1 Develop and implement a method to communicate payment flag information, including the reasons the flag was imposed or cleared, to all program offices responsible for monitoring additional grants awarded to the same recipient.
- Status – Resolved.
 - Planned Completion Date – 12/31/2009.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced monitoring and compliance, improved use of resources.

Report Title: Audit of the Department of Education FY 2005 IT Equipment Inventory
Issue Date: 11/29/2006
Report Number: A19G0007
Link to the Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a19g0007.pdf>

Objective(s):

The objective of our audit was to evaluate the process and results for the FY 2005 IT equipment inventory.

Finding(s):

1. The Department could not support the results reported for the FY 2005 IT Equipment Inventory.
2. Contract management was not effective.

Recommendation(s) Not Yet Implemented by the Department:

- 1.3 Update and implement policy and procedures for the inventory reconciliation process, including requirements that adequate records are maintained to support inventory reconciliations, and that results are referred to PO managers for validation.
 - Status – Resolved.
 - Planned Completion Date – 12/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved accuracy in reporting inventory results.

Report Title: Financial Statement Audits – U.S. Department of Education for FY 2006 and FY 2005
Issue Date: 11/15/2006
Report Number: A17G0003
Link to Report: <http://www.ed.gov/about/reports/annual/2006report/rssi-oai.pdf#page=7>

Objective(s):

The objectives of the audit were to:

1. Provide an opinion on whether the financial statements are fairly presented in all material respects.
2. Report on internal controls that are intended to ensure that transactions are properly recorded to permit the preparation of reliable financial statements, maintain accountability for safeguarding of assets, and ensure that data supporting performance measures are properly recorded.
3. Report on compliance with laws and regulations that could have a direct and material effect on the financial statements.

Finding(s):

1. Continued focus on credit reform estimation and financial reporting processes is warranted. (MRC)
2. Controls surrounding information systems need enhancement. (MRC)

Recommendation(s) Not Yet Implemented by the Department:

- 2.1 Continue efforts to address security and control weaknesses disclosed in audit reports or identified in internal self-assessments with an emphasis on addressing the root cause of the security or control weakness, which should decrease the likelihood of a similar weaknesses being identified in future audit assessments and internal self-assessments.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Protection of mission critical systems, improved and consistent security configuration across the organization, enhanced back-up capabilities, stronger security procedures and detection systems, strengthened internal control, improved protection, safeguarding PII, greater accountability for and safeguarding of computer inventory.

Report Title: Review of Financial Partners' Monitoring and Oversight of Guaranty Agencies, Lenders, and Servicers
Issue Date: 9/29/2006
Report Number: A04E0009
Link to the Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a04e0009.pdf>

Objective(s):

Our audit objective was to evaluate the adequacy of Financial Partners'⁷ processes for monitoring guaranty agencies, lenders, and servicers.

Finding(s):

1. Weak control environment for monitoring and oversight.
2. Insufficient control activities over monitoring of program reviews and technical assistance.
3. Lack of effective information and communication process related to policy issues.
4. Risk assessment tool not fully implemented.

Recommendation(s) Not Yet Implemented by the Department:

- 1.2 Amend the Financial Partners' mission statement to better emphasize compliance and clarify the role of Financial Partners. Amend the functional statements for Financial Partners and Program Compliance to establish clear lines of responsibility and authority for oversight, monitoring, and compliance enforcement.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved monitoring and oversight.
- 1.4 Require Financial Partners to stop recording as lender program reviews, program reviews that are actually only servicer reviews.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved reporting accuracy.

⁷ Financial Partners is the division within FSA that was responsible for the oversight of the FFEL program and its participants.

- 1.5 Develop a consistent policy for identifying, quantifying, and reporting all liabilities identified in program reviews regardless of whether they are resolved.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved reporting accuracy, enhanced reporting and recovery of improper payments or misused funds.
- 1.6 Request an amendment to the FSA Chief Operating Officer delegation of authority for waiving liabilities to include additional controls for monetary limitations and consultation with other Department officials. Eliminate the re-delegation to the Financial Partners' General Manager, and include appropriate controls in a replacement re-delegation to the appropriate Program Compliance Officer. Ensure that managers and staff know and understand the delegation of authority for waiving liabilities.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced management effectiveness.
- 1.7 Require the tracking and documentation of the reasons for waiving a liability when exercising the waiver authority.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.
- 2.1 Ensure that Financial Partners follows its procedures and guidance for its program review process.
- Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced program effectiveness and compliance.
- 2.2 Require Financial Partners to enhance and implement its guidance to include procedures that address the program review weaknesses we identified.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced program effectiveness and compliance.

- 2.3 Require Financial Partners to enhance and implement its guidance to include procedures that address the technical assistance weaknesses and provide oversight to the regions to ensure that technical assistance is consistently provided and properly documented.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced program effectiveness and compliance.
- 2.4 Ensure that Financial Partners strengthens its program review process to ensure consistency in the program review process and that program reviews are issued and closed within established timeframes.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced program effectiveness and compliance.
- 2.5 Require Financial Partners to establish a quality assurance process that would ensure that program reviews are conducted properly, that work papers support the conclusions reached and findings are adequately documented.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced internal control.
- 2.6 Require Financial Partners to establish a quality assurance process that would ensure the quality and the adequacy of technical assistance.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved monitoring and oversight, enhanced internal control.
- 3.1 Develop written policies and procedures for obtaining timely guidance for resolution of program issues and for communicating the results and decisions.
- Status – Resolved.
 - Planned Completion Date – 04/01/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved monitoring and oversight

- 3.2 Develop written policies and procedures for regular review of program reviews and other significant program determinations by the Office of General Counsel (OGC).
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved monitoring and oversight.
- 4.1 Require Financial Partners to develop written policies and procedures on the use of the guaranty agency, lender, and servicer scorecards as a risk assessment tool and train users on their use.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, improved monitoring and oversight.

Report Title: Review of Department of Education's Online Privacy Policy and Protection of Sensitive Information
Issue Date: 9/29/2006
Report Number: A11G0004
Link to Report: Not posted, sensitive data

Objective(s):

The objective of our audit was to assess the Department's compliance with OMB Memorandum M-06-20, *FY 2006 Reporting Instructions for the Federal Information Security Management Act*, and OMB Memorandum M-06-16, *Protection of Sensitive Agency Information*.

Finding(s):

1. The Department did not ensure compliance with privacy laws and guidance as specified in the OMB and Department directives as they relate to establishing protection controls for privacy information.

Recommendation(s) Not Yet Implemented by the Department:

- 1.2 Update the Department's plans to ensure compliance with OMB Memorandum M-06-16.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased compliance with laws and/or regulations; strengthen internal control.

Report Title: Review of the Department's Incident Handling Program and Intrusion Detection System
Issue Date: 9/28/2006
Audit Report Number: A11G0001
Link to Report: Not posted, sensitive data

Objective(s):

Our objective was to evaluate the effectiveness of the Department's Incident Handling (IH) Intrusion Detection System (IDS) in identifying and responding to aggressive Internet-based attacks in accordance with FISMA.

Finding(s):

1. The Department's incident handling program and intrusion detection system deployment needs improvement.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Review security evaluations and correct the identified Domain Name System security configuration weaknesses.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security, reduced risks.
- 1.2 Develop and implement consistent enterprise IH event monitoring policies and procedures that will define types of incidents, events, and appropriate actions to take; and, reinforce an enterprise-wide communication channel between the Department- and FSA-managed IH and IDS.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings - Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws, enhanced policies and procedures for safeguarding resources, improved communication.
- 1.3 Ensure effective monitoring of the IDS console.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased system security.

- 1.4 Develop enterprise policies and procedures for IDS deployment, maintenance, evaluation, and risk assessment.
- Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced assessments of risk, ensure that personnel will effectively identify and respond to malicious activity.
- 1.6 Ensure that clear and measurable service level agreements exist for outsourced IDS management.
- Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Establish measurable components of performance management.

Report Title: System Security Review of the Education Data Center
for FY 2006
Issue Date: 9/28/2006
Report Number: A11G0002
Link to Report: Not posted, sensitive data

Objective(s):

The audit objectives were to evaluate management, operational, and technical controls of the Department's system security program in accordance with FISMA.

Finding(s):

1. Management controls need improvement.
2. Operational security controls need improvement.
3. Technical security controls need improvement.

Recommendation(s) Not Yet Implemented by the Department:

- 1.2 Revise the Plan of Action and milestones for OMB Memorandum M-06-16 to meet all of the security control requirements set forth in OMB's memo and weaknesses identified in this report.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Compliance with laws and/or regulations.
- 2.1 Correct the Education Data Center physical data center weaknesses.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Physical data center protection, strengthened internal control.
- 2.3 Establish policies and procedures to address identified tape handling control weaknesses.
 - Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved protective controls over mission critical and sensitive data.

- 2.4 Establish and implement enterprise-wide technical security configuration standards for its operating systems, database applications, web services applications, and network devices based on industry security standards.
- Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control.
- 2.7 Consider two-factor authentication as a means to strengthen user access controls.
- Status – Resolved.
Planned Completion Date – 6/30/2008.
Estimated Cost Savings – Not applicable, non-monetary recommendation.
Other Non-monetary Benefits – Strengthened internal control.

Report Title: The Reading First Program's Grant Application Process
Issue Date: 9/22/2006
Report Number: I13F0017 (Inspection Report)
Link to Report: <http://www.ed.gov/about/offices/list/oig/aireports/i13f0017.pdf>

Objective(s):

The objectives of our inspection were to:

1. Determine if the Department selected the expert review panel in accordance with the NCLB, Section 1203(c), and if the Department adequately screened the panel members for possible conflict of interest issues;
2. Determine if the expert review panel adequately documented its reasons for stating that an application was not ready for funding; and
3. Determine if the expert review panel reviewed the applications in accordance with established criteria and applied the criteria consistently.

Finding(s):

1. The Department did not select the expert review panel in compliance with the requirements of NCLB.
2. While not required to screen for conflicts of interest, the screening process the Department created was not effective.
3. The Department did not follow its own guidance for the peer review process.
4. The Department awarded grants to states without documentation that the subpanels approved all criteria.
5. The Department included requirements in the criteria used by the expert review panels that were not specifically addressed in NCLB.
6. In implementing the Reading First program, Department officials obscured the statutory requirements of the *Elementary and Secondary Education Act of 1965*, as amended (ESEA); acted in contravention of the Government Accountability Office *Standards for Internal Control in the Federal Government*; and took actions that call into question whether they violated the prohibitions included in the DEOA.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Develop internal management policies and procedures for the Office of Elementary and Secondary Education (OESE) program offices that address when legal advice will be solicited from the OGC and how discussions between OGC and the program staff will be resolved to ensure that programs are managed in compliance with applicable laws and regulations.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.

- 1.2 Review the management and staff structure of the Reading First program office and make changes, as appropriate, to ensure that the program is managed and implemented consistent with the statutory requirements of NCLB.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance.

- 6.2 Request that OGC develop guidance for OESE on the prohibitions imposed by §3403(b) of the DEOA.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal controls, enhanced program effectiveness and compliance.

- 6.4 Rely upon the internal advisory committee to: (a) determine whether the implementation of Reading First harmed the Federal interest and what course of action is required to resolve any issues identified; and (b) ensure that future programs, including other programs for which the Department is considering using Reading First as a model, have internal controls in place to prevent similar problems from occurring.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance.

- 6.5 Convene a discussion with a broad range of state and local education representatives to discuss issues with Reading First as part of the reauthorization process.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance.

Report Title: Telecommunications Billing Accuracy
Issue Date: 2/01/2006
Report Number: A19F0009
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a19f0009.pdf>

Objective(s):

The objective of our audit was to determine the effectiveness of the Department's validation of the billing accuracy for its telecommunications services.

Finding(s):

1. The Office of the Chief Information Officer needs to improve internal control over telecommunications billings.

Recommendation(s) Not Yet Implemented by the Department:

- 1.2 Based on the risk assessment conducted for Recommendation 1.1, allocate adequate staffing to the Telecom Services Group to establish appropriate internal control and allow effective management of telecommunications services and expenditures.
 - Status – Resolved.
 - Planned Completion Date – 9/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced management effectiveness.
- 1.4 Ensure Telecommunications Automated Tracking System (TATS) or other appropriate information technology resources are fully developed and operational to assist in the management of telecommunications services.
 - Status – Resolved.
 - Planned Completion Date – 8/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, and enhanced monitoring and oversight.
- 1.6 Ensure telephone lines are disconnected timely when staff move. Take immediate action to correct issues noted during our audit – disconnect/discontinue services identified as not necessary, and update records to correctly identify holders of wireless services.
 - Status – Resolved.
 - Planned Completion Date – 2/28/2008.
 - Estimated Cost Savings – Not quantified.
 - Other Non-monetary Benefits – Strengthened internal control, better use of resources, enhanced management effectiveness.

1.7 Ensure Department policies and the TATS user manual accurately reflect information regarding what is accessible to POs within the TATS application to effectively monitor telecommunications costs.

- Status – Resolved.
- Planned Completion Date – 3/30/2008.
- Estimated Cost Savings – Not applicable, non-monetary recommendation.
- Other Non-monetary Benefits – Strengthened internal control, and enhanced monitoring and oversight.

Report Title: Audit of the Department's IT Contingency Planning Program
– Asset Classification
Issue Date: 1/31/2006
Report Number: A11F0006
Link to Report: Not posted, sensitive data

Objective(s):

The objective of our audit was to evaluate the Department's process for categorization of information and information systems to determine whether the categories are properly assigned to ensure continuity of operations.

Finding(s):

1. Identification and classification activities inconsistently categorize IT assets and do not effectively ensure continuity of operations.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Establish a fully integrated process to identify and classify information resources, ensuring that Department asset identification and valuation activities are conducted as an integral part of Enterprise Architecture activities, and classifications support broad decision making throughout the asset's full life cycle (i.e. ratings meet the needs of all management components that make use of such data).
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control over resources, increased oversight coordination regarding inventory development and classification of assets.
- 1.2 Establish effective oversight controls (e.g., accountability for monitoring, coordination and validation) to ensure that established procedures and guidance are followed; a reliable system of record for the Department's portfolio/inventory of IT assets is established, and listing and classifications to date are validated; and assets are reliably identified and classified over time and across the agency as a whole.
 - Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced resource management; complete and consistent accounting and rating of Department IT assets.

- 1.3 Modify official guidance (i.e., ACS directives) to ensure that Department guidance is consistent with federal guidelines and fully documents an integrated and repeatable process to identify, define and classify/categorize assets and subcomponents; and Department guidance includes categories and ratings that offer sufficient differentiation to support their intended use, and logical mapping across rating definitions, where pertinent.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved guidance for providing enterprise-wide validation and verification of various classification results.
- 1.4 Provide training to ensure consistency in the application of the Department's guidance.
- Status – Resolved.
 - Planned Completion Date – 06/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased protection of Department assets.

Report Title: Department's Activities Relating to Consolidating Funds in Schoolwide Programs Provisions
Issue Date: 12/29/2005
Report Number: A07F0014
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a07f0014.pdf>

Objective(s):

The objectives of our audit were to determine what the Department has done to assist state educational agencies (SEA) in modifying or eliminating state fiscal and accounting barriers to consolidating funds and encouraging schools to consolidate funds in their schoolwide programs, and what the Department could do to further assist SEAs in these two areas.

Finding(s):

1. The Department could do more to support SEAs in fulfilling their responsibilities under the schoolwide consolidating funds provisions by publishing the guidance on schoolwide programs it promised in the July 2, 2004, notice in the Federal Register.
2. Even though Department site-visitors have found that SEAs generally have not encouraged Local Educational Agencies (LEAs) and schools to consolidate funds in their schoolwide programs, they have not included these findings in site-visit reports.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Require the Director of Student Achievement and School Accountability Programs to ensure that her staff develop and issue guidance on consolidating federal, state, and local funds in schoolwide programs that would include: (1) options on consolidating funds that would best accommodate federal programmatic and reporting requirements; and (2) information about the potential advantages of consolidating funds.
 - Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.
- 1.2 Require the Director of Student Achievement and School Accountability Programs to ensure that her staff, as part of developing new guidance on consolidating funds, meet with officials from the three SEAs that we found to have developed the most extensive guidance on consolidating funds in order to ensure that the Department's guidance in this area takes advantage of the most promising practices, and learn what SEAs perceive to be federal barriers to consolidating funds.
 - Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.

- 2.1 Require the Director of Student Achievement and School Accountability Programs to ensure that her staff follow the Department's current SEA monitoring procedures with respect to the consolidating funds responsibilities of SEAs.
- Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 2.2 Require the Director of Student Achievement and School Accountability Programs to ensure that her staff include in reports for SEA program reviews findings, and recommendations for corrective action, regarding any failures on the part of SEAs to fulfill their responsibilities under the provisions in the ESEA, Title I, Part A, §§ 1111(c) (9) and (10).
- Status – Resolved.
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved reporting, monitoring, and oversight

Report Title: Death and Total and Permanent Disability Discharges of FFEL and Direct Loan Program Loans
Issue Date: 11/14/2005
Report Number: A04E0006
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a04e0006.pdf>

Objective(s):

The objective of our audit was to determine whether FSA has implemented effective policies, procedures, and internal controls over the process for discharging William D. Ford Federal Direct Loan and FFEL program loans, based on the death or total and permanent disability of the borrower.

Finding(s):

1. The regulatory three-year conditional discharge period is inadequate for determining eligibility of all borrowers.
2. Regulations that excuse a borrower from paying interest should be reconsidered.
3. FSA did not update National Student Loan Data System, as required.

Recommendation(s) Not Yet Implemented by the Department:

- 2.1 Revise the Department's regulations to ensure that, if a borrower's loans are reinstated from a conditional discharge status, the borrower is required to pay any interest that accrued on his or her loans through the end of the conditional discharge.
 - Status – Resolved
 - Planned Completion Date – 03/31/2008.
 - Estimated Cost Savings – Not quantified.
 - Other Non-monetary Benefits – Enhanced program effectiveness, increased recovery of interest accrued.

Report Title: Review of the Department's Incident Handling Program and EDNet Security Controls
Issue Date: 10/06/2005
Report Number: A11F0002
Link to Report: Not posted, sensitive data

Objective(s):

Our audit objectives were to evaluate the effectiveness of the Department's IH Program to identify and respond to aggressive Internet based attacks against mission critical systems residing at Education data centers, and evaluate platform level security controls of select systems residing on the EDNet in accordance FISMA.

Finding(s):

1. The IH program needs improvement.
2. EDNet configuration management controls need improvement.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Review existing remote data center contracts and require contracts to be modified to ensure that contractors and sub-contractors comply with and follow Department policies and procedures for reporting all computer security incidents per Department policy.
 - Status – Resolved.
 - Planned Completion Date – 02/29/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Improved compliance with laws and/or regulations.
- 1.3 Implement comprehensive IDS and IH policies and procedures to promptly and effectively detect, respond, and report malicious scans and covert attacks from internal and external sources.
 - Status – Resolved.
 - Planned Completion Date – 3/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Increased systems security, reduced risk.
- 1.7 Communicate the Department's ACS *Handbook for Information Security Incident Response and Reporting Procedures*, to the remote data centers to clearly define who will perform forensic analysis in the event of a system compromise.
 - Status – Resolved.
 - Planned Completion Date – 3/31/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control over resources/actions.

- 1.8 Develop clear policies and procedures within the ACS *Handbook for Information Security Incident Response and Reporting Procedures*, to ensure that sensitive information regarding computer security incidents is encrypted before being transmitted within the Department and to outside organizations.
- Status – Resolved.
 - Planned Completion Date – 6/30/2008.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, increased system security.

Report Title: Review of Department Identified Contracts and Grants for Public Relations Services
Issue Date: 9/01/2005
Report Number: I13F0012 (Inspection Report)
Link to Report: <http://www.ed.gov/about/offices/list/oig/aireports/i13f0012.pdf>

Objective(s):

The objective of our inspection was to determine whether any of 35 Department-identified contracts and grants resulted in publicity or propaganda paid with appropriated funds.

Finding(s):

1. Department contract and grant personnel did not understand their responsibilities with regard to the prohibition on the use of appropriated funds for publicity or propaganda.
2. Contract and grant files were incomplete and lacked documentation of deliverables.
3. Grants that resulted in materials that may have been publications did not include the Education Department General Administrative Regulations (EDGAR) disclaimer.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Ensure that Department grant and contract personnel understand the prohibition on the use of appropriated funds for publicity or propaganda and ensure that this information is communicated to grantees.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 1.2 Ensure that contract and grant personnel understand when disclosure of the Department's role is required and ensure that the language is included in contracts as appropriate, and that the EDGAR requirements are clearly communicated to grantees.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.

- 2.1 Monitor contracts and grants and ensure that files are complete and appropriately documented. For contracts, files should also include proof of production of the deliverables.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 2.2 Obtain copies of the contract deliverables not available for our review, determine if there were any violations of the covert propaganda prohibition, and report any resulting violations of the *Antideficiency Act* to the President, Congress, and the Comptroller General in accordance with the instructions of OMB Circular A-11. In the review of these deliverables the Department should also assess compliance with 48 C.F.R. § 3452.227-70, as appropriate.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved reporting, monitoring, and oversight.
- 3.1 Determine the amount of improper expenditures associated with the publication of opinion-editorial pieces under the grants identified in our review and initiate a recovery action for the unallowable use of funds.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not quantified. Implementation includes determining the amount of any improper expenditures.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance, improved monitoring and oversight.
- 3.2 Review the materials produced under the grants identified in our review to determine if the items without EDGAR disclaimers were publications. If so, determine the amount of improper expenditures and, if appropriate, initiate a recovery action for the unallowable use of funds.
- Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not quantified. Implementation includes determining the amount of any improper expenditures.
 - Other Non-monetary Benefits – Enhanced program effectiveness and compliance.

Report Title: Departmental Actions to Ensure Charter Schools' Access to Title I and *Individuals with Disabilities Education Act*, Part B Funds
Issue Date: 10/26/2004
Report Number: A09E0014
Link to Report: <http://www.ed.gov/about/offices/list/oig/auditreports/a09e0014.pdf>

Objective(s):

The objective of the audit was to determine whether the Department has taken sufficient action to ensure that states and LEAs within those states provide new or expanding charter schools with timely and meaningful information about the ESEA Title I and *Individuals with Disabilities Education Act* (IDEA), Part B funds for which these schools may be eligible, and have management controls that ensure charter schools, including new or expanding charter schools, are allocated the proportionate amount of Title I and IDEA Part B funds for which these schools are eligible.

Finding(s):

1. The Department should identify the cognizant program office(s) responsible for oversight of SEA compliance with the ESEA § 5206 provisions.
2. The Department should issue guidance on the need for SEA and LEA notification procedures for expanding charter schools.
3. The Department should enhance Title I and IDEA Part B monitoring procedures to ensure new or expanding charter school LEAs and charter schools receive proportionate and timely access to Federal funds.
4. The Office of Special Education and Rehabilitative Services should consider issuing guidance on the application of the IDEA Part B funding formula for charter school LEAs that did not have a student with disabilities enrolled in the first year of operation.

Recommendation(s) Not Yet Implemented by the Department:

- 2.1 Direct the appropriate program office(s) to provide guidance to SEAs on the need to establish written procedures on SEA or LEA notification requirements and the definition of "significant expansion of enrollment." The guidance should instruct SEAs to annually distribute this information to all charter schools, charter authorizers, and LEAs, to ensure that they are aware of the requirements and their respective responsibilities.
 - Status – Resolved.
 - Planned Completion Date – 12/31/2007.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Strengthened internal control, enhanced program effectiveness and compliance.

Report Title: FSA Audits on Administrative Stay
Issue Date: 5/04/2004
Report Number: L19E0008 (Alert Memorandum)

Objective(s):

The purpose of this alert memorandum is to inform the Department of concerns relating to FSA audits on administrative stay.

Finding(s):

1. FSA placed 13 audits on administrative stay for excessive periods of time.
2. FSA did not follow Department guidelines for its use of administrative stays.
3. FSA did not maintain appropriate documentation of the audit resolution process.

Recommendation(s) Not Yet Implemented by the Department:

- 1.2 Ensure the two professional judgment audits, and the prior professional judgment audit, are promptly resolved as soon as a decision is received from the Secretary.
 - Status – Unresolved.
 - Planned Completion Date – Not applicable, unresolved.
 - Estimated Cost Savings – Not applicable, non-monetary recommendation.
 - Other Non-monetary Benefits – Enhanced monitoring and compliance.

Department Explanation of Any Delays in Implementing Recommendations:

The prior professional judgment audit has been remanded to the Office of Hearings and Appeals for further review. FSA will resolve the audits as soon as a final decision is made on the case.

Report Title: Contract Unliquidated Balances Converted From Department of Education's Payment Management System
Issue Date: 8/29/2002
Report Number: L07C0020 (Alert Memorandum)

Objective(s):

The purpose of this memorandum is to alert OCFO to an issue we identified concerning the conversion of unliquidated contract obligations from Education Payment Management System (EDPMS) to the Education Central Automated Processing System (EDCAPS). The net unliquidated balances converted to EDCAPS may have been significantly overstated upon conversion and determination of the actual amount paid under those contracts may require extensive research and reconciliation.

Finding(s):

1. Conversion of unliquidated contract balances from EDPMS to EDCAPS.

Recommendation(s) Not Yet Implemented by the Department:

- 1.1 Reconcile the actual payments made to total contract expenditures for the 11 contracts listed in the alert memo prior to contract closeout. Ensure that the reconciliation process for these contracts includes reviewing potentially overstated unliquidated obligations converted from EDPMS to EDCAPS.
 - Status – Resolved.
 - Planned Completion Date – 01/30/2008.
 - Estimated Cost Savings – Not quantified. Implementation includes determining the amount of any overstated obligations.
 - Other Non-monetary Benefits – Increased data reliability/accuracy, strengthened internal control.

Appendix A - Acronym Listing

AARTS	Audit Accountability and Resolution Tracking System
ACS	Administrative Communications System
C&A	Certification and Accreditation
CAM	Contracts and Acquisitions Management
CFO	Chief Financial Officer
CIO	Chief Information Officer
CO	Contracting Officer
COD	Common Origination and Disbursement
COO	Chief Operating Officer
COR	Contracting Officer's Representative
CPIC	Capital Planning and Investment Control
Department	U.S. Department of Education
DEOA	Department of Education Organization Act
EDCAPS	Education Central Automated Processing System
EDGAR	Education Department General Administrative Regulations
EDNet	Department's computer network system
EDPMS	Education Payment Management System
EIA	Temporary Emergency Impact Aid
ESEA	Elementary and Secondary Education Act
EVMS	Earned Value Management System
FAFSA	Free Application for Federal Student Aid
FFEL	Federal Family Education Loan
FIE	Fund for the Improvement of Education
FIPSE	Fund for the Improvement of Postsecondary Education
FISMA	Federal Information Security Management Act
FMSS	Financial Management Support System
FSA	Federal Student Aid
GPOS	Grants Policy and Oversight Staff
HEA	<i>Higher Education Act of 1965, as amended</i>
IAMS	Investment Acquisition Management Services
IDEA	<i>Individuals with Disabilities Education Act</i>
IDS	Intrusion Detection System
IH	Incident Handling
IP	Internet Protocol
IPS	Intrusion Prevention System
IT	Information Technology
IV&V	Independent Verification & Validation
LEA	Local Educational Agency
LDE	Louisiana Department of Education
MRC	Modified Repeat Condition
MEO	Most Effective Organization
NCLB	<i>No Child Left Behind Act of 2001</i>
NIST	National Institute of Standards and Technology

OCFO	Office of the Chief Financial Officer
OESE	Office of Elementary and Secondary Education
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPE	Office of Postsecondary Education
PII	Personally Identifiable Information
PO	Principal Office
RLA	Reading Leadership Academies
SEA	State Educational Agency
SLM	Student Loan Model
TATS	Telecommunications Automated Tracking System
TEA	Texas Education Agency
VIDE	Virgin Island Department of Education

Appendix B

Request from Chairman Waxman

HENRY A. WAXMAN, CALIFORNIA,
CHAIRMAN

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Congress of the United States

House of Representatives

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December 7, 2007

The Honorable John P. Higgins, Jr.
Inspector General
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Dear Mr. Higgins:

One of the Oversight Committee's top priorities is to uncover and eliminate waste, fraud, and abuse in federal spending. Your office has a similar mandate and each year identifies potential reforms that could reduce government waste and make federal programs more efficient and effective. As part of the Committee's ongoing work in this area, I request that you provide the Committee with the following information:

1. A list of recommendations made by the U.S. Department of Education's Office of Inspector General (OIG) from January 1, 2001, to the present that have not been implemented by agency officials or by Congress.
2. For each unimplemented recommendation on this list, a narrative that provides the following information:
 - a. A short summary of the unimplemented recommendation;
 - b. The status of the unimplemented recommendation, including whether or not the U.S. Department of Education agreed with the recommendation and an explanation for the delay in its implementation;
 - c. An estimate of cost savings available from implementing the recommendation;
 - d. A description of any other non-monetary benefits from implementing the recommendation;
 - e. A short summary of the pertinent OIG investigation and its objectives;

The Honorable John P. Higgins, Jr.

December 7, 2007

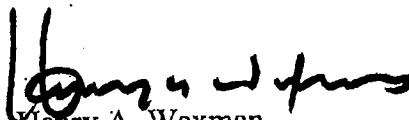
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- f. The key findings of the OIG investigation; and
- g. The OIG report number and issue date.

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. An attachment to this letter provides additional information on how to respond to the Committee's request.

Please provide the Committee with this information by January 31, 2008. If you have any questions about this request, please contact Brian Cohen or Alison Cassady of the Committee staff at (202) 225-5051.

Sincerely,



Henry A. Waxman
Chairman

Enclosure

cc: Tom Davis
Ranking Minority Member