

Summary of Inspector General Audits and Government Accountability Office Reports by Goal

For all Department of Education Inspector General reports for FY 2008, please visit the Inspector General's Web site at <http://www.ed.gov/about/offices/list/oig/reports.html> and, for additional Government Accountability Office reports on education for FY 2008, please visit GAO's Web site at http://www.gao.gov/docsearch/app_processform.php.

Summary of Major FY 2008 OIG Audits and Reports

Name of Report	Goal	Issue	Findings and Recommendations	Department's Response	Link to the Report
<i>Audit of the Department's Process for Disbursing Academic Competitiveness Grants and National Science and Mathematics Access to Retain Talent Grants (ED-OIG/A19H0011) August 2008</i>	2	The objectives of this audit were to identify and assess the adequacy of processes and controls established by Federal Student Aid (FSA) to ensure that students eligible for an Academic Competitiveness (ACG) Grant or National Science and Mathematics Access to Retain Talent (SMART) Grant are appropriately identified and notified; that only eligible students received grants under these programs; and that schools required to participate in the ACG or SMART Grant programs are doing so.	The OIG found that FSA needs to improve its oversight of school compliance with the mandatory participation requirement and establish procedures for a rigorous outreach and assessment process. Additionally, FSA needs to establish a program of administrative action to include fines, suspensions, or termination from the Federal Pell Grant program for schools that enroll eligible students but do not participate in the ACG or SMART Grant programs.	Federal Student Aid agreed with both recommendations and has begun a process for ensuring that eligible schools are participating in the two programs and will make referrals for administrative action before the end of the 2008-2009 award year.	http://www.ed.gov/about/offices/list/oig/auditreports/fy2008/a19h0011.pdf
<i>Department Controls Over Travel Expenditures: Final Audit Report (ED-OIG/A19H0009) July 2008</i>	4	The objective of this audit was to evaluate the effectiveness of Department controls over the appropriateness of travel expenditures. The Department requires that travel be authorized only when necessary, to accomplish the purpose of the Department's mission in the most effective and economical manner.	OIG found that individually billed accounts were not always used appropriately as there were instances where purchase cards were used for purchases that did not relate to official government travel or were used for ATM withdrawals that were excessive or outside the period of approved travel. OIG recommended that the Chief Financial Officer require existing cardholders to take refresher courses; ensure executive offices fulfill their monitoring responsibilities; develop policy to guide principal office staff in maintaining adequate documentation; and develop formal procedures for conducting quarterly travel audits.	The Department concurred with all findings. Steps are in development to implement all recommendations noted in the audit. Additionally, in November 2008, the Department will transition to a new bank card vendor under GSA's Master SmartPay 2 contract. JP Morgan Chase will replace Bank of America.	http://www.ed.gov/about/offices/list/oig/auditreports/fy2008/a19h0009.pdf

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<i>Audit of Selected Portions of the U.S. Department of Education's Oversight of the Consolidated State Performance Reports (ED-OIG/A06H0001) April 2008</i>	1	The purpose of this audit was to determine whether the Department provided sufficient oversight to ensure that graduation and dropout rates submitted by states in their <i>Consolidated State Performance Reports</i> were supported by reliable data.	OIG found that the Department could have provided better oversight and that more emphasis is needed on data reliability and comparability across states. OIG also found that neither graduation rates nor dropout rates were supported by reliable data. OIG found that less than a quarter of the states surveyed were using a tracking system that complies with the requirements of <i>No Child Left Behind</i> .	The Department generally agreed that states need to continue their efforts to improve the reliability of data for computing graduation and dropout rates, but stated that the audit focused on the early years of <i>No Child Left Behind</i> and that <i>No Child Left Behind</i> does not mandate a definition that is comparable across states. In April, Secretary Spellings announced that the Department will take steps to ensure all states use the same formula to calculate how many students graduate from high school on time and how many drop out. This uniform graduation rate will show how many incoming freshman in a given high school graduate within four years.	http://www.ed.gov/about/offices/list/oig/auditreports/fy2008/a06h0001.pdf
<i>Inspection to Evaluate the Adequacy of the Department's Procedures in Response to Section 306 of the Fiscal Year 2008 Appropriations Act – Maintenance of Integrity and Ethical Values Within the Department (ED-OIG/I13I0004) April 2008</i>	4	The purpose of this inspection report was to evaluate the adequacy of the procedures developed by the Department to comply with the requirements of Section 306 of the <i>Fiscal Year 2008 Appropriations Act</i> which requires the Department to implement procedures to assess and disclose whether an individual or entity has a potential financial interest in, or impaired objectivity towards, a product or service involving Department funds.	OIG found that the Department's procedures, if fully implemented, are adequate to comply with the requirements of Section 306. However, the Department's procedures requiring the certification from peer reviewers on impartiality could be misinterpreted as applying only to financial conflicts of interest.	The Department agreed with the findings but expressed concern that using the terms "teaching methodologies" and "significant identification with pedagogical or philosophical viewpoints" would cause confusion and concern among peer reviewers.	http://www.ed.gov/about/offices/list/oig/aireports/i13i0004.pdf

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<p>Monitoring of the Title I, Part A Comparability of Services Requirement (ED-OIG/X05H0017) October 2007</p>	<p>1</p>	<p>The purpose of this review was to determine whether the Department could improve its monitoring of state educational agencies (SEAs) receiving ESEA Title I, Part A Comparability of Services funding and enhance its non-regulatory guidance to provide additional clarity to the SEAs.</p>	<p>OIG recommended that the Department revise its non-regulatory guidance to include monitoring suggestions for the SEA to complete with the local educational agency (LEA); language that prohibits LEAs from using inflated resources in its comparability calculations; a statement that LEAs maintain source documentation that supports data used in comparability calculations; and language that requires SEAs to establish deadlines for when LEAs must determine their comparability calculations.</p>	<p>The Department will ensure that its current monitoring protocol for ESEA Title I, Part A be revised to include expanded procedures that require SEAs to demonstrate how comparability data are validated for all LEAs in the state.</p> <p>Guidance on comparability is already addressed in the current Non-Regulatory Guidance, Title I Fiscal Issues but will be improved through enhanced monitoring protocols.</p>	<p>http://www.ed.gov/about/offices/list/oig/auditreports/fy2008/x05h0017.pdf</p>
<p>Federal Student Aid's Estimation of Improper Payments in the Federal Family Education Loan Program: Final Report (ED-OIG/A09H0015) September 2008</p>	<p>3</p>	<p><i>The Improper Payments Information Act of 2002</i> requires federal agencies to annually review improper payments in their programs and activities. The Act specifies the agencies must first identify those programs that are susceptible to improper payments. Then for each identified risk-susceptible program, the agencies must estimate the amount of improper payments exceeding a specified threshold and report on actions taken to reduce improper payments.</p>	<p>Several factors affected the reliability of FSA's estimated improper payment rates. OIG recommended, among others, that Federal Student Aid ensure that the design of improper payment estimating methodologies take into account improper payments identified in reviews other than audits and that Federal Student Aid implement a revised policy for identifying and reporting program outlays in the Performance and Accountability Report that provide consistent and comparable information on outlays and dollars.</p>	<p>Federal Student Aid will design and implement, in consultation with OMB, a methodology for estimating improper payments that meets the requirements of Circular A-123, Appendix C. Federal Student Aid is updating operational policy and procedures to include the Federal Family Education Loan Program payment universe definition, steps used to extract the payment universe for outlay reporting, and queries to use for improper payment reporting to ensure consistency in the Performance and Accountability Report.</p>	<p>http://oigmis3.ed.gov/auditreports/a09h0015.pdf</p>

Summary of Major FY 2008 GAO Reports

Name of Report	Goal	Issue	Findings and Recommendations	Department's Response	Link to the Report
<p>Higher Education: Multiple Higher Education Tax Incentives Create Opportunities for Taxpayers to Make Costly Mistakes (GAO-08-717T) May 2008</p>	<p>3</p>	<p>While both Title IV of the <i>Higher Education Act</i> and tax preferences help students meet expenses, tax preferences also assist students and families with saving for and repaying postsecondary costs. Some forms of Title IV aid provide assistance to those whose incomes are lower, on average, than is the case with tax preferences. However, tax preferences require more responsibility on the part of students and families as they must identify applicable tax preferences and correctly calculate and claim credits or deductions.</p>	<p>GAO recommended in 2002 that the Department sponsor research into key aspects of effectiveness of the Title IV programs. Multiyear projects funded beginning in July 2007 do not appear to directly evaluate the role and effectiveness of Title IV programs and tax preferences on improving access, persistence, or completion. Congress should consider whether the federal government should consolidate postsecondary education tax provisions to make them easier for the public to use; how best to evaluate the effectiveness of postsecondary aid provided through the tax code; and whether tax preferences and Title IV programs be better coordinated to maximize their effectiveness.</p>	<p>In 2002, the Department issued a Request for Applications to conduct research on evaluating the efficacy of programs, practices, or policies that are intended to improve access to, persistence in, or completion of postsecondary education.</p> <p>The Department is implementing a number of activities to make the financial aid programs more understandable and accessible to students and their families.</p>	<p>http://www.gao.gov/new.items/d08717t.pdf</p>
<p>Native Hawaiian Education Act: Greater Oversight Would Increase Accountability and Enable Targeting of Funds to Areas with Greatest Need (GAO-08-422) March 2008</p>	<p>1</p>	<p>The <i>Native Hawaiian Education Act</i> (NHEA) seeks to develop innovative educational programs to assist Native Hawaiians. To inform reauthorization of this Act, GAO analyzed what is known about NHEA's impact on Native Hawaiian education; the Department's efforts to oversee NHEA grants; and the extent to which the Department and the Native Hawaiian councils have fulfilled their roles and responsibilities.</p>	<p>GAO found that the Department has established three performance measures that are not applicable to most of the educational outcomes that result from the program's many authorized activities. Additionally, the Department has not established a method to track grantee activities, such as how the funds have been distributed across activities or islands, and grantees have received little direction or guidance from the Department.</p> <p>The Department has not reported to Congress on NHEA as required by law. GAO recommendations included establishing additional or broader performance measures; developing a method to track how grant funds are allocated across islands and activities; working with the local Education Council to identify and coordinate services for each of the islands; and fulfilling the statutory responsibility to report to Congress.</p>	<p>The Department concurred with most recommendations but questioned the feasibility of developing performance measures that would cover each allowable activity. The Department will work to help refine the performance measures and data collection practices. However, the Department disagreed with the recommendation to track how funds are allocated, stating that it would be burdensome to the grantee and require a tracking system that other programs do not require.</p>	<p>http://www.gao.gov/new.items/d08422.pdf</p>

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<p><i>No Child Left Behind Act: Education Actions Could Improve the Targeting of School Improvement Funds to Schools Most in Need of Assistance (GAO-08-380) February 2008</i></p>	<p>1</p>	<p><i>No Child Left Behind</i> requires states to set aside 4 percent of their ESEA Title I funds to pay for school improvement efforts. GAO was asked to determine the extent to which states have set aside these funds and used other resources for school improvement; which schools received improvement funds and the extent to which funds are tracked; the activities states and schools have undertaken and how activities are assessed; and how the Department supports states' improvement efforts.</p>	<p>GAO recommended that the Department improve its monitoring processes to ensure that states comply with <i>No Child Left Behind</i> requirements for allocating school improvement funds for district-level activities and prioritizing funds to the lowest achieving schools, provide guidance on when and how states are to make information available about which schools receive improvement funds, and analyze the effects of removing a hold-harmless provision on those districts protected by it.</p>	<p>The Department agreed with GAO's recommendations. The Department supports states with school improvement through written guidance, staff assistance, policy letters, and information provided at national conferences. In addition to direct support, the Department provides technical assistance and research- related resources to assist in school improvement efforts. These include the Comprehensive Centers Program, Regional Education Laboratories, the Center for Comprehensive School Reform and Improvement, the What Works Clearinghouse, and a new Doing What Works Web site. The Doing What Works Web site was developed to improve the states' ability to translate the research on the What Works Clearinghouse Web site into practical application at the classroom level.</p>	<p>http://www.gao.gov/new.items/d08380.pdf</p>
<p><i>District of Columbia Opportunity Scholarship Program: Additional Policies and Procedures Would Improve Internal Controls and Program Operations (GAO-08-9) November 2007</i></p>	<p>1</p>	<p>The <i>D.C. School Choice Incentive Act</i> established the first K-12 school choice program supported by federal funds. GAO assessed the accountability mechanisms governing the use of funds supporting the Opportunity Scholarship Program; results of the grantee's efforts to meet recruiting priorities; and eligibility requirements and information provided to parents regarding their choices.</p>	<p>GAO recommended that the Department direct the Opportunity Scholarship Program grantee to improve internal controls, continue to improve its financial systems, improve monitoring, and provide accurate information to parents.</p>	<p>The Department responded that the report does not present a complete and balanced picture in a number of key areas and does not accurately reflect what occurred with the program during the period audited, especially regarding students who previously attended schools in need of improvement.</p>	<p>http://www.gao.gov/new.items/d089.pdf</p>