

**U.S. Department of Education
Office of Inspector General**



**Semiannual Report
to Congress
No. 44**

October 1, 2001 - March 31, 2002

INSPECTOR GENERAL'S MESSAGE TO CONGRESS

We are pleased to provide this semiannual report on the accomplishments of the Office of Inspector General (OIG), U.S. Department of Education (Department), from October 1, 2001 through March 31, 2002. During this period, we issued 60 audit and inspection reports and memoranda, closed 209 investigations, and testified once before Congress. Our testimony covered the management challenges facing the Department.

In the last six months, OIG's work has supported the Department's efforts, goals, and objectives as defined in its new Strategic Plan and the *Blueprint for Management Excellence*, as well as the President's Management Agenda and OIG's Strategic Plan. Our focus has been on assisting the Department in maximizing the effectiveness of its elementary and secondary education programs, strengthening the Department's financial management, assisting the Department in meeting its information technology management challenges, and promoting the ability of the Federal Student Aid office to fulfill its mission.

We participated in a joint project with the General Accounting Office (GAO), the Texas State Auditor's Office, Pennsylvania's Office of the Auditor General, and the Philadelphia City Controller's Office to review data accountability and reliability in Title I of the Elementary and Secondary Education Act. The collective findings will be beneficial to the Department's implementation of the No Child Left Behind Act.

In the area of financial management, the Department received a qualified opinion on all five of its financial statements for Fiscal Year 2001. While the Department has made some improvements in this area, the implementation of a new general ledger system, Oracle Federal Financials, along with accelerated financial reporting requirements, will require much attention from both the Department and OIG in the coming months.

Our investigations continue to disclose fraud relating to federal student aid programs. The Department has set a goal of removing these programs from the GAO High Risk list. The Department is a key participant in a joint working group between the Inspector General community and the Chief Financial Officers' Council to address improper and erroneous payments. The Deputy Chief Financial Officer and I are co-chairing this effort. The work group will develop and benchmark methods to reduce and eliminate, where possible, improper and erroneous payments made by federal government agencies.

Looking to the future, we will focus our efforts on helping the Department improve its contract monitoring, reduce fraud and error in the federal student aid programs, and achieve its goal of management excellence.

Lorraine Lewis

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ACTIVITIES AND ACCOMPLISHMENTS

The Office of Inspector General (OIG), U.S. Department of Education (Department), continued to carry out a program of audit, investigation, inspection, and management improvement activities during the reporting period October 1, 2001 through March 31, 2002. The purpose of this work, as in prior reporting periods, was to identify, prevent, and detect fraud and abuse of Department funds; improve and protect the integrity of Department programs and operations; and ensure excellence and quality in our organization as we carry out our mission.

Our work this period supported the Department's efforts to meet the goals set forth in:

- the President's Management Agenda, Fiscal Year 2002, <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>,
- the Department's Strategic Plan 2002-2007, issued March 12, 2002, <http://www.ed.gov/pubs/stratplan2002-07/index.html>, and
- the Department's *Blueprint for Management Excellence*, issued October 21, 2001, <http://www.ed.gov/inits/mit/blueprint.pdf>,

as well as the OIG Strategic Plan 2001-2005, issued in March 2001, and found at <http://www.ed.gov/offices/OIG/misc/oigstplan.pdf>.

OIG's work focused on our four operational priorities to assist the Department in maximizing the effectiveness of its elementary and secondary education programs, strengthen the Department's financial management, assist the Department in meeting its information technology management challenges, and promote the ability of Federal Student Aid to fulfill its mission. These issues have been management challenges for several years. The Inspector General testified on the management challenges before the House Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations in March 2002. This statement can be found at <http://www.ed.gov/offices/OIG/testimon.htm>.

Our significant audits, investigations, and inspections are summarized below. Detailed information is available on our website at <http://www.ed.gov/offices/OIG/>.

Effectiveness and Integrity of Elementary and Secondary Education Programs

Our work in the Department's elementary and secondary education programs supports the principles of the No Child Left Behind Act of 2001 and the Department's Strategic Plan, Goal 1, Objective 1.1, which emphasizes the Department's commitment to accountability for results on the part of schools, States, and the Department.



RELIABILITY AND VALIDITY OF TITLE I DATA

We completed work directly related to the need for accurate data and accountability. OIG participated in a joint project of the U.S. Comptroller General's Domestic Working Group to determine whether data used for the purpose of identifying Title I schools in need of improvement are reliable, valid, and timely. The participants in the joint effort are OIG, the U.S. General Accounting Office (GAO), the Texas State Auditor's Office, Pennsylvania's Office of the Auditor General, and the Philadelphia City Controller's Office.

As part of this effort, we issued two audit reports on the quality of data reported by the California Department of Education (CDE) (ED-OIG/A09-B0019; February 15, 2002 and ED-OIG/A09-C0002; March 25, 2002). We found problems in reporting data used to identify schools for improvement. We also found that CDE had insufficient management controls to ensure that data were reliable and valid. CDE concurred with our findings and recommendations.

Also as part of this effort, we performed an audit to assess whether the Department had management controls to ensure that Title I, Part A performance data for schools that fail to meet State criteria for adequate yearly progress were reliable, valid, and timely (ED-OIG/A03-B0025; March 27, 2002). We found that the Department needs to take steps to improve its management controls over timely publication of school improvement data. The Department also needs to strengthen its management controls to ensure that Title I school improvement data are reliable and valid. The Department generally concurred with our findings and recommendations.

MONITORING AS AN ELEMENT OF ACCOUNTABILITY

Monitoring is a critical element of accountability to assess the effectiveness of the federal investment in grant programs and determine whether improvements are needed. We issued three reports this period on monitoring of formula and discretionary grants.

Our audit of the Department's monitoring of elementary and secondary education formula grant programs found inconsistency in conducting reviews, insufficient time to monitor some programs for compliance with laws and regulations, and insufficient knowledge about areas examined by auditors under the uniform, entity-wide audit requirements of the Single Audit Act (ED-OIG/A04-A0013; November 26, 2001). The Department generally concurred with our recommendations and described corrective action planned or taken.

Our review of States' monitoring of formula grants found that not all State program offices track and analyze Single Audit findings and site visit results, and those that did perform such analyses were not reporting the results to the Department (ED-OIG/A04-B0008; November 27, 2001). Department officials concurred with our recommendations and advised us they would incorporate them into the monitoring process.

Our audit of the Department's discretionary grant monitoring process for identifying and monitoring high-risk grantees found that principal offices do not have a process and criteria to determine which grantees are high-risk or when site visits are warranted (ED-OIG/A03-B0018; October 24, 2001). We recommended that the Department require principal offices to develop a systematic process and criteria for identifying and monitoring high-risk grantees. The Department agreed with some of our findings but did not agree with others.

**CORRUPTION IN
PUERTO RICO
DEPARTMENT OF
EDUCATION
CONTRACTING**

Our extensive audit and investigative work involving the Puerto Rico Department of Education led to guilty pleas by several officials, including the former Secretary and former Associate Secretary of Education, to felony charges of extortion, program fraud, and money laundering.

A joint OIG/FBI investigation disclosed that between late 1994 and September 2000, the subjects, acting in their official capacity, conspired to extort and obtain approximately \$4.3 million from several contractors in return for awarding approximately \$138 million in contracts, using the money for the benefit of their political party and for their personal enrichment. The former Secretary's sister-in-law assisted in the scheme by accepting and channeling extortion payments through a company known as National Consulting Group, a company owned by the former Secretary. The plea agreements provide for a \$2.9 million forfeiture to the government. By the end of this reporting period, \$1.3 million in cash had been forfeited. The remaining \$1.6 million in the form of cash, monetary instruments, and real property is required to be forfeited at sentencing, scheduled for June 25, 2002. Fourteen others charged in the January 22, 2002 indictment have entered not guilty pleas. The investigation is continuing.

**FRAUD IN TITLE I
PROGRAMS AT
BRAXTON
SCHOOLS OF
PUERTO RICO**

A joint OIG/FBI/Postal Inspection Service investigation disclosed that employees and associates of Braxton Schools of Puerto Rico participated in a scheme to obtain approximately \$225,000 in Title I funds for non-existent employees. Our investigation resulted in sentencing of four officials of Braxton Schools and a guilty plea by a former Braxton employee for this fraudulent payroll scheme. The subjects

have made restitution of \$151,194 and have an outstanding court order to pay an additional \$73,392 in restitution over the next three years.

Financial Management Remains a Challenge, Some Improvements Occurred

We have identified financial management on our list of management challenges of the Department for the past three years. The benefits of sound financial management are two-fold. First, sound financial management allows managers to make decisions based on reliable financial information. Second, sound financial management ensures the basic trust between a government agency and the public remains intact.

The President's Management Agenda and the Department have also highlighted the importance of sound financial management. For example, the Department's Strategic Plan, Goal 6, and its *Blueprint* contain a commitment to create a culture of accountability and to develop and maintain financial integrity and management and internal controls.

RESULTS OF FISCAL YEAR 2001 FINANCIAL STATEMENT AUDITS

The independent auditors, Ernst & Young, LLP, issued reports on their audits of the Department's and Student Financial Assistance's (now Federal Student Aid, or FSA) FY 2001 financial statements. The *Report of Independent Auditors* in both cases contained a qualified opinion on the statements, while the *Report on Internal Control* detailed weaknesses in management controls. The *Report on Compliance with Laws and Regulations* for both the Department and FSA disclosed no instances of noncompliance with laws or regulations required to be reported. The auditors did find, however, that neither the Department's nor FSA's financial management systems substantially complied with certain systems requirements referred to in the Federal Financial Management Improvement Act of 1996. The Department and FSA generally concurred with the auditors' findings and recommendations. The Department's financial statement audit, and OIG's list of the Department's management challenges (see Table 2), can be found in the Department's Fiscal Year 2001 Accountability Report at <http://www.ed.gov/offices/OCFO/FY2001AccountabilityReport.pdf>. The FSA Fiscal Year 2001 Accountability Report can be found at <http://www.ed.gov/offices/OIG/AuditReports/a17b0007.pdf>.

Recommendations for Improving Internal Control Weaknesses

Our audits, inspections, and reviews have examined a number of internal control issues and have resulted in recommendations for improvement. Our investigations also focus on areas where there is risk of fraud and abuse due to weak internal controls. The Secretary has made an effective system of internal controls a priority, and the *Blueprint* contains plans to strengthen the control environment in the Department.

**TELECOMMUNI-
CATIONS CASE
PLEAS AND
CONVICTION**



**GOVERNMENT
PROPERTY
REQUIRES
MONITORING**

Weaknesses in internal controls can leave Department funds and property vulnerable to fraud and abuse. This period, a former Bell Atlantic telephone technician assigned to the Department was found guilty of three felony counts involving a wide-ranging scheme to defraud the Department. The technician had participated in a scheme involving himself, other telephone technicians, and Department employees and their relatives that resulted in the theft of over \$300,000 in Department-purchased electronic items and the billing to the Department of over \$800,000 in false overtime charges. To date, sixteen individuals, including seven Department employees, have either pled guilty or been convicted in federal court of crimes associated with this activity. The three remaining individuals, including one Department employee, are scheduled to go on trial later this year. Our special agents have been the lead investigators in this case, with assistance from the FBI.

In prior reporting periods, we disclosed control weaknesses at three contractors who managed Department property. As a result of these audits, we issued a report noting improvements needed in FSA's monitoring of these contracts and contractors (ED-OIG/A19-B0001; March 15, 2002). We recommended that FSA develop and implement a monitoring plan that clearly defines responsibilities, and reinforce Contracting Officer's Representative responsibilities to determine the need for government property and ensure its proper utilization and disposition. The Department concurred with our findings and recommendations.

**GOVERNMENT
TRAVEL CARDS
USED
INAPPROPRI-
ATELY**

Our audit of the Department's controls over government travel cards found that the Department needs to improve its controls over the travel card program by increasing monitoring and providing training to cardholders on appropriate use of the card (ED-OIG/A19-B0010; March 27, 2002). We found that individual travel cards were not always used appropriately, some travel card accounts were not canceled timely, and charges to centrally billed accounts were not always appropriately supported or reconciled. We recommended that the Department develop and implement guidelines for monitoring travel card activity, ensure that Department staff receive the appropriate training, take immediate action to cancel the travel card accounts for separated staff, and establish and implement other specified policies and administrative procedures. The Department concurred with our findings and recommendations and is taking corrective action.

**AUDIT
FOLLOW-UP
INCOMPLETE**

Our report on the Department's controls over the audit follow-up process found that corrective actions were not always implemented as reported (ED-OIG/A19-B0002; October 18, 2001). We also found that program offices did not have complete records of corrective actions that were taken. We recommended that the Department ensure that corrective actions have been taken, and reopen the closed recommendations for which corrective action had not been taken. The Department generally concurred with our findings.

**CONTRACTING
OFFICER'S REP-
RESENTATIVES'
RISK LEVELS
REQUIRE REVIEW**

We completed a review of the Department's risk-level designations and training program for Contracting Officer's Representatives (CORs) (ED-OIG/A&I 2001-03; December 21, 2001). We recommended that principal offices conduct periodic reviews of the position risk-level designations of their CORs to determine if their risk levels are correct in relation to the value and complexity of the contracts they handle. We also recommended that the Department update its COR records and include the COR appointment date in its training database to fulfill its responsibility to schedule and conduct the COR training curriculum and properly certify and recertify CORs in a timely manner. The Department is taking action to address our recommendations.

Information Technology Security and Preparedness

We identified information technology (IT) security as a management challenge, and our work has identified improvements that are necessary for the Department to ensure its systems' security and preparedness. The Department's *Blueprint* includes a commitment to complete remedial actions on problems we have identified, and the Department's Strategic Plan, Goal 6, Objective 6.3, also contains a commitment to improve IT security.

**RISKS IN
IMPLEMENTING A
NEW FINANCIAL
MANAGEMENT
SYSTEM**

As part of its plan to substantially improve its financial management, the Department has committed to implement a new general ledger system, Oracle Federal Financials. Our audit of the Department's implementation of the Oracle software identified risks in several areas, including incomplete or inadequate test-planning documentation, interface testing, internal verification and validation, end-user training, user access controls, and post-implementation operations and maintenance plans (ED-OIG/A11-C0007; January 14, 2002). The Department did not agree with all of our findings and recommendations.

**DISASTER
RECOVERY
PLANNING**

We completed an audit of the Department's disaster recovery and backup plans (DRPs) for selected IT systems (ED-OIG/A11-A0009; November 28, 2001). We found that the Department's policies provide adequate guidance, but a number of mission-critical and mission-important systems lacked fully developed, executable and tested DRPs. The Department concurred with our finding and agreed to take corrective action.

High Risk Federal Student Aid Programs

The federal student aid programs have long been an area of concern for the Department, and the GAO has identified these programs as being at high risk for fraud, waste, abuse, and mismanagement since 1990. OIG audits and investigations have repeatedly confirmed this assessment. The President's Management Agenda includes as a priority minimizing fraud and error in federal student aid programs, echoed by both the Department's Strategic Plan, Goal 6, Objective 6.4, and the Secretary's *Blueprint*, which discuss the Department's commitment to reducing these problems.

**VERIFICATION
PROCESS NEEDS
TO BE
STRENGTHENED**

Verification is a process the Department uses to ensure that students and parents report accurate financial and demographic data. This information determines the student's eligibility for federal student aid.

Department lacks adequate controls

Our audit of the effectiveness of the Department's federal student aid application verification process found that the Department has not established adequate controls for monitoring the effectiveness of the process, or for ensuring that schools complete the process (ED-OIG/A06-A0020; March 28, 2002). We recommended that the Department strengthen, then evaluate the usefulness of these controls, and that it perform reviews at or provide technical assistance to schools based on the results of its analysis of the verification data. The Department agreed with some of our recommendations. Regarding our recommendation that it identify and evaluate its monitoring controls, the Department stated that the controls were adequate, and described additional planned actions to address our concerns.

Preparer fraud cases highlight impact

Successful prosecutions against preparers – individuals who, for a fee, help parents fill out false financial aid forms to fraudulently obtain student aid for their children – resulted in a number of prosecutive actions this period. (See Table 9, Investigation Services Cumulative Actions.) In one, a former employee of Richard J. Daley College in Chicago was sentenced to 12 months imprisonment and ordered to pay \$143,301 in restitution for mail fraud. The subject collected fees of between \$50 and \$200 per application from students she assisted in preparing false financial aid applications and fictitious supporting documents understating family income. She allegedly prepared and submitted at least 52 applications containing false information. In another case, a self-employed financial aid consultant was sentenced to confinement, and was ordered to perform community service and pay an \$1,800 fine. His scheme caused a loss of between \$70,000 and \$120,000 to the federal government.

These investigations and our verification process audit underscore the need for legislation authorizing the Internal Revenue Service to release individual income information to the Department of Education for the purpose of verifying applicant income. We urge the Congress to enact such legislation. This legislative authority is requested in the President's Fiscal Year 2003 Budget.

**IDENTITY THEFT
FRAUD AGAINST
STUDENT AID
PROGRAMS**

Our investigations have identified schemes by individuals who use false names and social security numbers to obtain fraudulently federal student aid. The FSA programs may be particularly vulnerable to fraud and abuse because they offer financial assistance on the basis of information received from several sources – student applicants, parents, schools, Department systems – whose internal controls and control mechanisms vary.

Illegal alien sentenced for student aid fraud

An OIG investigation in Phoenix, Arizona, led to the conviction and sentencing of an individual for federal student aid fraud. The subject, a Mexican citizen illegally living in the United States, fraudulently used the identity of a U.S. citizen to obtain approximately \$39,000 in Title IV funds to attend three separate colleges in California and Arizona from 1993 to 1998. He was sentenced to five years probation and ordered to pay restitution of \$26,439.

Student pleads guilty to fraud charges

A joint investigation with the Social Security Administration OIG in Texas developed evidence that an individual received approximately \$35,600 in student aid funds to attend a university, three years after having defaulted on \$23,000 in student loans at the same school. The subject admitted obtaining a second social security number for the sole purpose of fraudulently obtaining federal student aid.

Siblings sentenced for social security number fraud

A joint OIG/U.S. Secret Service investigation in San Jose, California led to the conviction and sentencing of a former receptionist for Bryman College and her sister. The two devised and carried out a scheme using false social security cards as identification to cash \$30,000 worth of student loan checks that the sister who worked at the school had stolen while employed there.

Identity thief sentenced

An OIG investigation in California led to the sentencing of an individual for filing false financial statements, perjury, grand theft, and false impersonation to obtain federally guaranteed student loans, Pell grants, and credit card and bank accounts. The subject, who obtained over \$9,900 in federal loans and grants before his true identity was disclosed, was sentenced to two years in State prison, with credit for time served, fined \$800, and ordered to pay \$12,000 in restitution. The remaining loans were canceled.

ABILITY-TO-BENEFIT TESTING DEFICIENCIES

Under Section 484(d) of the Higher Education Act of 1965, as amended (HEA), a student who does not have a high-school diploma or recognized equivalent must pass an independently administered “ability-to-benefit” (ATB) test to be eligible to receive federal student aid. Our audits this period at two schools and a test publisher disclosed problems in administering the testing program.

Our audit at Glendale Career College (GCC) found that GCC lacked adequate procedures for ensuring compliance with the HEA’s ability-to-benefit provision (ED-OIG/A09-B0017; March 18, 2002). GCC has revised its procedures to address the identified weaknesses, but did not agree with our recommendations on the return of Title IV funds. Our audit at All-State Career School found that All-State

did not always comply with the test publisher Wonderlic's procedures for administering retests of the Wonderlic Basic Skills Test (ED-OIG/A03-B0014; December 7, 2001). All-State did not agree with our finding.

When we audited the test publisher, we found that Wonderlic did not have adequate processes in place to timely identify and inform institutions, when indicated, that they had administered retests in violation of its testing procedures (ED-OIG/A03-B0022; February 5, 2002). Wonderlic agreed to implement our recommendation that it improve its process for identifying and reporting retest errors, provided the Department re-approves its tests.

Other Significant OIG Activities

NONFEDERAL AUDIT OVERSIGHT

Participants in Department programs are required to submit annual audits performed by independent public accountants (IPAs). In accordance with the Inspector General Act requirement to assure that work performed by nonfederal auditors complies with federal government auditing standards, we publish audit guidance specific to Department programs to assist IPAs in performing these audits.

This period, we performed 58 quality control reviews of audits by 53 different IPAs. Of these, 23 were acceptable, 28 were technically deficient, and 7 were substandard. We also referred four IPAs to the American Institute of Certified Public Accountants and/or the appropriate State Board of Accountancy for possible disciplinary action for substandard work reported in a prior semiannual report.

OIG OUTREACH

OIG's efforts to promote awareness of both institutional and individual responsibility to prevent fraud, waste, and abuse relating to federal education funds extend to those both within and outside the Department.

Advice and assistance to Department managers and staff

In addition to the work we do to assess the reliability of Department systems, we have been sharing our expertise with managers and staff by participating on several Department steering committees and working groups in an advisory capacity. In connection with a *Blueprint* action item, an OIG staff member selected for the Council for Excellence in Government Fellows program has been performing a series of tests in support of the Department's effort to determine the propriety of computer purchases and systems inventory.

Auditors participate in Title I conference

OIG staff this period attended and played a key role in developing the audit section of the National Title I Conference in Tampa, Florida. This annual conference brings together federal program managers and staff, State and local administrators and fiscal officers, teachers, and parents. OIG presented an overview of the audit process, and discussions of how auditors and program managers work together to

improve program performance information, and of how participants can be optimally prepared for an audit. More than 2,000 people attended the conference.

Investigators address student aid administrators conferences

To promote awareness of federal student aid abuse issues and offer guidance to help aid administrators identify and prevent abuse of federal student aid programs, OIG investigative staff were invited to address administrators at several meetings and conferences this period. The meetings included the California Association of Student Financial Aid Administrators, the Southern Christian College Coalition of Student Financial Aid Administrators, and the Western Association of Student Financial Aid Administrators.

TABLE 1: Reporting Requirements (P.L. 95-452)

Section	Requirement	Table Number	Page Number
5(a)(1) and 5(a)(2)	Significant Problems, Abuses, and Deficiencies Significant Activities and Accomplishments	*	*
5(a)(3)	Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed	3	13
5(a)(4)	Matters Referred to Prosecutive Authorities Investigation Services Cumulative Actions	9	23
	Statistical Profile	12	25
5(a)(5) and 6(b)(2)	Summary of Instances Where Information Was Refused or Not Provided**		
5(a)(6)	Listing of Audit Reports ED/OIG Audit Services Reports on Education Department Programs and Activities	5	14
5(a)(7)	Summary of Significant Audits Significant Activities and Accomplishments	*	*
5(a)(8)	Audit Reports Containing Questioned Costs Inspector General Issued Audit Reports with Questioned Costs	6	18
5(a)(9)	Audit Reports Containing Recommendations That Funds Be Put to Better Use Inspector General Issued Audit Reports with Recommendations for Better Use of Funds	7	19
5(a)(10)	Summary of Unresolved Audit Reports Issued Prior to the Beginning of the Reporting Period Unresolved Reports Issued Prior to October 1, 2001	8	19
5(a)(11)	Significant Revised Management Decisions**		
5(a)(12)	Significant Management Decisions with Which OIG Disagreed**		

* Information found on pages 1-10 of the Semiannual Report.

** No instances to report.

**TABLE 2: Management Challenges Facing the Department of Education
Reported to Congress by the OIG (February 2002)**

- **Correct long standing financial management problems**
- **Strengthen information technology (IT) security**
- **Improve internal controls**
- **Improve contract monitoring**
- **Balance compliance monitoring and technical assistance**
- **Meeting its goal of removing the federal student aid (formerly known as student financial assistance) programs from the General Accounting Office “high risk” list**
- **Pursue appropriate electronic government initiatives**
- **Improve strategic management of human capital**
- **Improve and test continuity of operations plans**
- **Improve management of IT assets**
- **Obtain reliable performance data and improve performance measures**

TABLE 3: Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Date Resolved	Total Monetary Findings	Number of Recommendations Open	Number of Recommendations Closed	Latest Target Date
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Section 5(a)(3) of the Inspector General Act requires a listing of each report resolved before the commencement of the reporting period for which management has not completed corrective action. The reports listed below are OIG internal and nationwide audit reports and management improvement reports.

NEW AUDITS SINCE LAST REPORTING PERIOD

No New Audits to Report

AUDITS REPORTED IN PREVIOUS SEMIANNUAL REPORTS

Office of Postsecondary Education

A04-90014	Review of Title III Program, HEA, Compliance with GPRA Requirements for Implementation of Performance Indicators (SAR 41, pg. 23)	06/30/00	03/31/01	*	6	1	12/31/02
A09-18053	ED Needs To Strengthen Student Loan Cure Procedures (MIR 92-05) (SAR 24, pg. 12)	03/13/92	09/30/93	\$154,000,000	1	0	09/30/02

Federal Student Aid (formerly Student Financial Assistance)

A01-90005	The Recertification Process for Foreign Schools Needs to Be Improved (SAR 41, pg. 23)	09/29/00	03/31/01	*	1	3	09/30/02
A17-90018	Fiscal Year 1999 Annual Financial Statements - Student Financial Assistance (SAR 40, pg. 19)	02/28/00	09/30/00	*	1	22	06/30/02

Office of the Chief Financial Officer

A17-90019	Fiscal Year 1999 Annual Financial Statements - U.S. Department of Education (SAR 40, pg. 19)	02/28/00	07/31/00	*	1	23	06/30/02
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Office of the Chief Information Officer

A11-90013	Review of Security Posture, Policies, and Plans (SAR 40, pg. 3)	02/25/00	06/30/00	*	3	10	06/30/02
A11-90018	Review of EDNET Security (SAR 41, pg. 22)	07/10/00	03/31/01	*	3	57	08/31/02
A11-A0005	Review of Planning and Assessment Activities for Presidential Decision Directive 63 on Critical Infrastructure Protection (SAR 41, pg. 22)	09/14/00	03/31/01	*	2	8	06/30/02

Office of the Under Secretary

17-70007	Moving Towards a Results-Oriented Organization: A Report on the Status of ED's Implementation of the Results Act (SAR 37, pg. 14)	09/24/98	01/31/00	*	1	7	07/31/02
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* Non-monetary findings only.

TABLE 4: Other ED/OIG Reports on Education Department Programs and Activities (October 1, 2001 to March 31, 2002)

Report Number	Report Title	Date Issued
I13C0005	Review of the Department's Implementation of the Federal Policy on Research Misconduct	11/09/01
A13B0007	Review of the Department-wide Purchase Card Statement Late Notices for June 2001	11/20/01
A13B0004	Review of Contracting Officer's Representative Training and Risk Level Designations	12/21/01
I13C0006	Management Challenges of the Department of Education	02/22/02
I13C0004	Report on the Department's Policies and Procedures for the Location of New Offices and Other Facilities in Rural Areas - Sent to the Chair of the Senate Committee on Appropriations	03/20/02
I13C0004	Report on the Department's Policies and Procedures for the Location of New Offices and Other Facilities in Rural Areas - Sent to the Chair of the House Committee on Appropriations	03/20/02

TABLE 5: ED/OIG Audit Services Reports on Education Department Programs and Activities (October 1, 2001 to March 31, 2002)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommend.
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Section 5(a)(6) of the Inspector General Act requires a listing of each report completed by OIG during the reporting period. A total of 37 audit reports were issued by ED/OIG auditors. In addition, we issued 18 alternative products, which include 8 action memoranda¹, 1 alert memorandum², 5 close-out letters, and 4 special projects.

AUDIT REPORTS

The 37 audit reports are listed below by program office.

Federal Student Aid (formerly Student Financial Assistance)

A02-B0006	Audit of Drake College of Business's Compliance with the Title IV, Higher Education Act Program Requirements	03/05/02	*	\$6,347	*	7
A02-B0015	Audit of Notre Dame College's Compliance with the Title IV, Higher Education Act Program Requirements	03/28/02	*	*	*	1
A03-A0022	Audit of Commissioned Sales and Course Length at Wesley College	01/15/02	\$1,431,560	*		5
A03-B0014	Audit of the Ability-to-Benefit Testing Process of All-State Career School	12/07/01	\$57,994	*	*	2
A03-B0022	Audit of Wonderlic's Ability-to-Benefit Program	02/05/02	*	*	*	4
A05-B0003	Audit of Commissioned Sales and Course Length at Benedictine University	12/13/01	\$221,988	*	*	5
A06-A0020	Audit of the Effectiveness of the Department's Student Financial Aid Application Verification Process	03/28/02	*	*	*	4

TABLE 5: ED/OIG Audit Services Reports on Education Department Programs and Activities (October 1, 2001 to March 31, 2002)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommend.
A06-B0011	Livingstone College's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	03/29/02	\$854,145	*	*	5
A06-B0012	Audit of Los Angeles City College's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	11/14/01	\$14,072	*	*	3
A06-B0026	South Texas Vocational Technical Institute - Brownsville's Administration of the Title IV Student Financial Assistance Programs	03/20/02	\$96,545	*	*	6
A09-B0017	Audit of Glendale Career College's Administration of the Higher Education Act, Title IV Programs	03/18/02	\$109,249	*	*	3
A17-B0007	Audited Financial Statements: U.S. Department of Education Student Financial Assistance Years Ended September 30, 2001 and 2000	03/01/02	*	*	*	12
A17-B0009	Final Management Letter: Fiscal Years 2001 and 2000 Financial Statement Audits - Student Financial Assistance	03/29/02	*	*	*	20
A19-B0001	Audit of Controls over Government Property Provided under Federal Student Aid Contracts	03/15/02	*	*	*	3
<u>Office of the Chief Financial Officer</u>						
A03-B0018	Audit of the U.S. Department of Education's Discretionary Grant Monitoring Process	10/24/01	*	*	*	2
A11-B0003	Audit of ED's Implementation of FMSS Oracle Federal Financials Phase I ³	12/17/01	*	*	*	13
A11-C0007	ED's Implementation of FMSS Oracle Federal Financials Phase II and III	01/14/02	*	*	*	7
A17-B0006	Financial Statement Audits: Fiscal Years 2001 and 2000 - U.S. Department of Education	02/27/02	*	*	*	14
A17-B0008	Final Management Letter: Fiscal Years 2001 and 2000 Financial Statement Audits - U.S. Department of Education	03/29/02	*	*	*	28
A17-C0003	Agreed Upon Procedures: Federal Agencies' Centralized Trial- Balance I Data - U.S. Department of Education Year Ended September 30, 2001	03/04/02	*	*	*	0
A17-C0004	Agreed Upon Procedures: Intragovernmental Transactions - U. S. Department of Education Year Ended September 30, 2001	03/04/02	*	*	*	0
A19-B0002	Audit of Controls over the Audit Follow-up Process	10/18/01	*	*	*	6
A19-B0010	Audit of Controls over Government Travel Cards	03/27/02	*	\$52,963	*	7

TABLE 5: ED/OIG Audit Services Reports on Education Department Programs and Activities (October 1, 2001 to March 31, 2002)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommend.
<u>Office of the Chief Information Officer</u>						
A11-A0009	Disaster Recovery and Backup Plans for Selected Information Technology Systems ³	11/28/01	*	*	*	5
<u>Office of Elementary and Secondary Education</u>						
A03-B0025	Improving Title I Data Integrity for Schools Identified for Improvement	03/27/02	*	*	*	4
A04-A0013	Review of the Office of Elementary & Secondary Education's Monitoring of Formula Grants	11/26/01	*	*	*	3
A04-B0008	State Monitoring of Formula Grants	11/27/01	*	*	*	2
A05-B0005	The Chicago Public Schools' Administration of Title I, Part A, Funds for Providing Services to Private School Children	03/29/02	*	*	*	8
A05-B0024	Audit of the Chicago Public Schools' Use of Elementary and Secondary Education Act of 1965, as amended, Title I, Part A, Funds to Purchase Property, Equipment, and Services from National School Services, Inc. during the period July 1, 1999 through June 30, 2000	03/29/02	\$1,075	*	*	5
A05-B0039	Audit of Rockford Public Schools' Administration of Selected Aspects of the 21st Century Community Learning Centers Program	02/11/02	*	*	*	0
A09-B0019	California Department of Education Needs to Report Reliable and Valid Data on Title I Schools Identified for Improvement	02/15/02	*	*	*	3
A09-C0002	California Department of Education's Management Controls over Performance Data for Identifying Title I Schools for Improvement	03/25/02	*	*	*	3
<u>Office of Postsecondary Education</u>						
A07-90034	Department Controls Over TRIO Grantee Monitoring	01/04/02	*	*	*	9
A07-A0006	Audit of Independence Community College's Administration of its Federal TRIO Projects	10/15/01	*	*	*	10
<u>Office of Special Education and Rehabilitative Services</u>						
A05-B0020	Audit of IDEA Part B at the Connecticut State Department of Education, Hartford, Connecticut	11/29/01	*	*	*	1
A05-B0023	Audit of Individuals with Disabilities Education Act Part B funds at the Illinois State Board of Education, Center for Special Education and four selected Local Educational Agencies	12/18/01	*	*	*	1

TABLE 5: ED/OIG Audit Services Reports on Education Department Programs and Activities (October 1, 2001 to March 31, 2002)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommend.
A05-C0009	Excess Cash not Reported in A-133 Single Audit Reports Issued by the Indiana State Board of Accounts, Indianapolis, Indiana	12/18/01	*	*	*	2
ALTERNATE AUDIT SERVICES PRODUCTS						
Alternative products are listed below by program office, except for the 8 action memoranda and 1 alert memorandum, which have a restricted distribution.						
<u>Federal Student Aid (formerly Student Financial Assistance)</u>						
A05-B0034	Audit Survey of Andrews University's Federal Student Financial Assistance Programs for the period July 1, 1999 through June 30, 2000 ⁴	11/21/01	*	*	*	0
<u>Office of the Chief Financial Officer</u>						
A06-C0012	Survey at Southwest Educational Development Laboratory ⁴	02/28/02	*	*	*	0
S17-B0012	Further Review of GAPS Transactions described in Management Information Report: Analysis of GAPS Duplicate Payments (A11-B0001)	01/30/02	*	*	*	0
<u>Office of the Deputy Secretary</u>						
S17-B0001	Transmission of Final Reports Issued as a Result of a Review of the Department's Controls over Various Payment Systems and Processes	10/04/01	*	*	*	0
<u>Office of English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students (formerly Office of Bilingual Education and Minority Languages Affairs)</u>						
A06-C0011	Survey at Hatch Valley Public School District ⁴	01/28/02	*	*	*	0
<u>Office of Special Education and Rehabilitative Services</u>						
A02-B0027	Closure of the Planned Audit of the Workforce Investment Act ⁴	02/28/02	*	*	*	0
S05-C0013	Summary of Carryover and Supplanting Information from OIG Audits of the Individuals with Disabilities Education Act, Part B (State and Local Information Memo No. 02-01)	03/21/02	*	*	*	0
<u>Office of the Under Secretary</u>						
S03-C0002	Office of Inspector General's Independent Report on the U.S. Department of Education's Detailed Accounting of Fiscal Year 2001 Drug Control Funds, dated January 28, 2002	01/30/02	*	*	*	0

TABLE 5: ED/OIG Audit Services Reports on Education Department Programs and Activities (October 1, 2001 to March 31, 2002)

Report Number	Report Title	Date Issued	Questioned Costs**	Unsupported Costs	Better Use of Funds	Number of Recommend.
A02-B0027	Closure of the Planned Audit of the Workforce Investment Act ⁴	02/28/02	*	*	*	0

* Non-monetary findings only. ** Includes other recommended recoveries. A - Audit Report S - Special Report

¹ Action Memoranda notify the Department's management of issues and problems detected so that appropriate action is taken. Action Memoranda are pre-decisional and will not appear on our web site.

² Alert Memoranda notify the Department's management of issues and problems detected so that appropriate action is taken. An Alert Memorandum was used because issues and problems were identified that were outside our scope of review. Alert Memoranda are final and will appear on our web site unless information is restricted.

³ Restricted distribution.

⁴ Audit closure notice - notice to close assignment without issuing an audit report. Audit closure notices will not appear on our web site.

TABLE 6: Inspector General Issued Audit Reports with Questioned Costs ¹

	Number	Questioned	Unsupported ²
A. For which no management decision has been made before the commencement of the reporting period (as adjusted) ³	42	\$161,541,742	\$23,817,556
B. Which were issued during the reporting period	<u>11</u>	\$3,150,560	\$348,717
Subtotals (A + B)	53	\$164,692,302	\$24,166,273
C. For which a management decision was made during the reporting period	9	\$41,774,887	\$124,818
(i) Dollar value of disallowed costs		\$10,463,804	<u>\$361</u>
(ii) Dollar value of costs not disallowed		\$31,311,083	\$124,457
D. For which no management decision has been made by the end of the reporting period	44	\$122,917,415	\$24,041,455
E. For which no management decision was made within six months of issuance ⁴	33	\$119,766,855	\$23,692,738

¹ None of the audits reported in this table were performed by the Defense Contract Audit Agency.

² Included in the questioned costs.

³ Beginning balance for questioned costs was increased by \$2,677 (A05-A0028) to coincide with database.

⁴ These figures include 10 audits on administrative stay with questioned costs of \$43,995,081 and unsupported costs of \$7,371,000.

TABLE 7: Inspector General Issued Audit Reports with Recommendations for Better Use of Funds¹

	Number	Dollar Value
A. For which no management decision has been made before the commencement of the reporting period (as adjusted)	1	\$10,300,000
B. Which were issued during the reporting period	0	\$0
Subtotals (A + B)	1	\$10,300,000
C. For which a management decision was made during the reporting period	1	\$10,300,000
(i) Dollar value of recommendations that were agreed to by management		\$0
(ii) Dollar value of recommendations that were not agreed to by management		\$10,300,000
D. For which no management decision has been made by the end of the reporting period	0	\$0
E. For which no management decision was made within six months of issuance	0	\$0

¹ None of the audits reported in this table were performed by the Defense Contract Audit Agency.

TABLE 8: Unresolved Reports Issued Prior to October 1, 2001

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
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Section 5(a)(10) of the Inspector General Act requires a listing of each report issued before the commencement of the reporting period for which no management decisions had been made by the end of the reporting period.

NEW AUDITS SINCE LAST REPORTING PERIOD

Federal Student Aid (formerly Student Financial Assistance)

A05-A0030	Audit of Commissioned Sales at Olivet Nazarene University (SAR 43, pg. 11)	05/21/01	\$3,299,891	4
	<i>Status:</i> Audit was placed on administrative stay on July 26, 2001.			
A05-B0004	Indiana Wesleyan University, Adult and Professional Studies Administration of Title IV Programs, Marion, Indiana (SAR 43, pg. 11)	09/28/01	\$31,682,782	5
	<i>Status:</i> Audit was placed on administrative stay on October 24, 2001.			
A05-B0007	Audit of the Michigan Guaranty Agency's Administration of the Federal Family Education Loan Program Federal and Operating Funds (SAR 43, pg. 12)	09/25/01	\$1,100,400	4
	<i>Status:</i> The Program Office is currently drafting a response to the final version of the audit.			
A05-B0014	Audit of Course Length at Olivet Nazarene University (SAR 43, pg. 12)	09/28/01	*	4
	<i>Status:</i> Audit was placed on administrative stay on October 24, 2001.			
A06-A0001	Interactive Learning Systems' Administration of the Title IV Student Financial Assistance Programs (SAR 43, pg. 12)	07/20/01	\$990,828	7
	<i>Status:</i> This audit is currently being reviewed by FSA staff - Dallas Case Team.			

TABLE 8: Unresolved Reports Issued Prior to October 1, 2001

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
A06-A0015	ESS College of Business' Administration of the Title IV Student Financial Assistance Programs (SAR 43, pg. 12)	08/29/01	\$4,439,651	4
	<i>Status:</i> Audit was placed on administrative stay on February 22, 2002.			
A06-B0009	Audit of Southwest Texas University's Compliance with the Title IV, Student Financial Assistance, Verification Requirements (SAR 43, pg. 12)	09/28/01	\$11,200	3
	<i>Status:</i> Audit was placed on administrative stay on February 22, 2002.			
A06-B0013	Audit of the University of Arkansas at Little Rock's Compliance with the Title IV, Student Financial Assistance, Verification Requirements (SAR 43, pg. 12)	09/28/01	\$1,172	1
	<i>Status:</i> Program office informed us that the audit is closed. We are awaiting a copy of the program determination letter and a copy of the audit clearance document. It will be removed in the next Semiannual Report.			
A06-B0014	Audit of United Education Institute's Compliance with the Title IV, Student Financial Assistance, Verification Requirements	09/28/01	\$7,285	1
	<i>Status:</i> This audit is being reviewed by the case team.			
A07-90035	Audit of Commissioned Sales at William Penn University (SAR 43, pg. 12)	05/15/01	\$5,023,447	4
	<i>Status:</i> Audit was placed on administrative stay on August 1, 2001.			
A07-B0001	Audit of Course Length at William Penn University (SAR 43, pg. 12)	09/28/01	*	4
	<i>Status:</i> Audit was placed on administrative stay on October 24, 2001.			
<u>Office of Elementary and Secondary Education</u>				
A02-B0012	Puerto Rico Department of Education Did Not Administer Properly Title I Contracts with National School Services of Puerto Rico for the 1999/2000 and 2000/2001 School Years (SAR 43, pg. 11)	09/28/01	\$8,412,280	10
	<i>Status:</i> Audit was placed on administrative stay on February 7, 2002.			
A03-A0021	Review of the Office of Elementary and Secondary Education Discretionary Grants Monitoring Process (SAR 43, pg. 11)	09/24/01	*	4
	<i>Status:</i> The Acting Deputy Assistant Secretary issued a memorandum, March 29, 2002, on the progress made in resolving this audit. Formal resolution should take place once corrective actions are entered into the Department's Internal Audit Electronic Corrective Action Plans system.			
<u>Office of Special Education and Rehabilitative Education</u>				
A04-A0015	The Virgin Islands Government Lacks Adequate Management Controls Over the Administration of Its IDEA, Part B Grant Program Salary Costs (SAR 43, pg. 11)	07/25/01	\$4,702,542	15
	<i>Status:</i> Audit was placed on administrative stay on January 15, 2002.			
A04-B0013	Audit of the Virgin Islands Department of Education, Special Education Payroll (SAR 43, pg. 11)	07/17/01	*	4
	<i>Status:</i> Audit was placed on administrative stay on January 15, 2002.			

TABLE 8: Unresolved Reports Issued Prior to October 1, 2001

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
A05-A0031	Michigan Department of Education Management Controls Over IDEA, Part B - Special Education Performance Data (SAR 43, pg. 11)	09/21/01	*	12
	<i>Status:</i> Program office informed us that a program determination letter was issued on May 9, 2002. We are awaiting a copy of the program determination letter and a copy of the audit clearance document. It will be removed in the next Semiannual Report.			
A05-B0001	Audit of IDEA Part B Carryovers at the Indiana Department of Education, Indianapolis, Indiana (SAR 43, pg. 11)	09/18/01	*	1
	<i>Status:</i> Program office informed us that a program determination letter was issued on April 17, 2002. We are awaiting a copy of the program determination letter and a copy of the audit clearance document. It will be removed in the next Semiannual Report.			
A07-A0020	Kansas State Department of Education Management Controls over IDEA, Part B - Special Education Performance Data (SAR 43, pg. 11)	09/25/01	*	10
	<i>Status:</i> Program office informed us that a program determination letter was issued. We are awaiting a copy of the program determination letter and a copy of the audit clearance document. It will be removed in the next Semiannual Report.			

AUDITS REPORTED IN PREVIOUS SEMIANNUAL REPORTS**Federal Student Aid (formerly Student Financial Assistance)**

A02-70010	Drake Business Schools Corporation - Refunds of Unearned Tuition, Fees and Other Institutional Charges (SAR 41, pg. 23)	06/06/00	\$72,493	11
	<i>Status:</i> Audit was placed on administrative stay on March 29, 2001.			
A03-90005	Computer Dynamics Institute Incorporated's Eligibility to Participate in the Title IV Programs (SAR 41, pg. 23)	09/15/00	\$6,410,913	6
	<i>Status:</i> Program office informed us that the audit is closed. We are awaiting a copy of the program determination letter and a copy of the audit clearance document. It will be removed in the next Semiannual Report.			
A05-90054	Audit of the Title IV, Higher Education Act Programs Administered by Cleveland State University, Cleveland, Ohio (SAR 41, pg. 23)	09/28/00	\$86,189	9
	<i>Status:</i> Program office informed us that the audit is closed. We are awaiting a copy of the program determination letter and a copy of the audit clearance document. It will be removed in the next Semiannual Report.			
A06-70005	Professional Judgment at Yale University (SAR 36, pg.18)	03/13/98	\$5,469	3
	<i>Status:</i> Audit was placed on administrative stay on June 29, 2000.			
A06-70009	Professional Judgment at University of Colorado (SAR 37, pg. 17)	07/17/98	\$15,082	4
	<i>Status:</i> Audit was placed on administrative stay on June 29, 2000.			
A06-90004	Review of Student Financial Aid Compliance at Success Institute of Business (SAR 41, pg. 23)	08/07/00	\$2,245,416	3
	<i>Status:</i> Audit was placed on administrative stay on September 26, 2001.			

TABLE 8: Unresolved Reports Issued Prior to October 1, 2001

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
A06-90010	International Aviation and Travel Academy's Administration of Title IV Student Financial Assistance Programs (SAR 42, pg. 22) <i>Status:</i> Audit was placed on administrative stay on September 24, 2001.	03/29/01	\$6,637,634	7
A06-90011	Review of Collection Activities at Unger and Associates (SAR 40, pg. 18) <i>Status:</i> Audit was placed on administrative stay on September 29, 2001.	02/08/00	\$833,897	4
A06-A0003	International Business College's Administration of Title IV Student Financial Assistance Programs (SAR 42, pg. 22) <i>Status:</i> Audit was placed on administrative stay on September 24, 2001.	03/28/01	\$461,035	4
A07-23545	State of Missouri, Single Audit Two Years Ended June 30, 1991 <i>Status:</i> This is a single audit report prepared by the State Auditor of Missouri that covered two years ending June 30, 1991. Findings require further discussions with the General Manager, Chief Operating Officer, Office of Postsecondary Education and Office of the Deputy Secretary.	04/01/93	\$1,048,768	18
A07-33123	State of Missouri, Single Audit Year Ended June 30, 1992 <i>Status:</i> This is a single audit report prepared by the State Auditor of Missouri that covered the year ending June 30, 1992. Findings require further discussions with the General Manager, Chief Operating Officer, Office of Postsecondary Education and Office of the Deputy Secretary.	03/07/94	\$187,530	18
A09-70015	Associated Technical College (ATC) Eligibility of Institutions to Participate in Title IV Programs & Other Issues (SAR 37, pg. 16) <i>Status:</i> Audit was placed on administrative stay on June 29, 2000.	09/09/98	\$8,600,000	7
A09-90011	Platt College-San Francisco Administration of Title IV Programs (SAR 40, pg. 18) <i>Status:</i> Audit was placed on administrative stay on September 29, 2000.	02/28/00	\$191,721	10
N06-90010	Inspection of Parks College's Compliance with Student Financial Assistance Requirements (SAR 40, pg. 18) <i>Status:</i> FSA, OGC, and OIG are working to resolve this report.	02/09/00	\$169,390	1
<u>Office of Elementary and Secondary Education</u>				
A01-90006	Puerto Rico Department of Education Needs Major Improvements in Its Administration of the Even Start Program (SAR 41, pg. 22) <i>Status:</i> A Department team is working on the resolution of this audit.	09/27/00	\$181,305	18
A01-90007	Puerto Rico Department of Education Needs Major Improvements in Its Administration of the Governor's Safe and Drug-Free School Program (SAR 41, pg. 22) <i>Status:</i> A Department team is working on the resolution of this audit.	09/27/00	\$82,452	17
A01-A0004	Puerto Rico Department of Education Did Not Administer Properly a \$9,700,000 Contract with National School Services of Puerto Rico (SAR 42, pg. 21) <i>Status:</i> A Department team is working on the resolution of this audit.	03/28/01	\$7,841,493	14

TABLE 8: Unresolved Reports Issued Prior to October 1, 2001

Report Number	Report Title (Prior Semiannual Report (SAR) Number and Page)	Date Issued	Total Monetary Findings	Number of Recommendations
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A02-50200	The Puerto Rico Department of Education Must Institute a Time Distribution System (SAR 36, pg.13)	11/14/97	*	1
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Status: A Department team is working on the resolution of this audit.

Office of English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students (formerly Office of Bilingual Education and Minority Languages Affairs)

A05-A0004	Title VII Systemwide Improvement Grant Administered by Community Unit School District 300, Carpentersville, Illinois (SAR 42, pg. 21)	12/06/00	\$684,329	2
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Status: The grant was terminated for non-compliance. Presently, there is an ongoing post audit review being conducted by the Office of Chief Financial Officer, Post Audit Review Branch, and the Office of the General Counsel. The unused balance of \$684,329 remaining in the former applicant's account will be returned to Treasury after this matter has been resolved.

Office of Postsecondary Education

A05-A0026	Audit of Richard J. Daley College's Administration of Selected Aspects of Its Strengthening Institutions - Hispanic Serving Institution Program, Chicago, Illinois (SAR 42, pg. 21)	03/30/01	\$1,621,861	2
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Status: Program office is currently reviewing information submitted by the institution to determine whether this information will resolve the issues raised by the audit.

* Non-monetary findings only.

Note: Status comments reflect documents received, comments agreed to, or comments provided by the Department.

**TABLE 9: Investigation Services Cumulative Actions
(October 1, 2001 to March 31, 2002)**

Subject	Indicted/ Information	Convicted	Sentenced	Civil Matters	Adjudicated Value
<u>Civil Cases</u>	0	0	0	2	\$14,687
<u>Preparer and Client Cases</u>	1	7	17	112	\$2,092,347
<u>School Cases</u>	16	10	18	0	\$1,063,796
<u>Federal Student Aid Recipient Cases (formerly Student Financial Assistance)</u>	5	13	17	0	\$109,785
<u>Foreign Study FFEL Cases</u>	0	2	6	0	\$301,193
<u>Other Cases</u>	25	12	2	0	\$24,453

TABLE 10: Collections from Audits

FY	Reports Issued with			Recommend		Write-offs Adjustments	Collected/ Recovered	Balance
	Questioned/ Unsupport.	Questioned/ Unsupport. Recommend.	Questioned/ Unsupport. Resolved	Questioned/ Unsupport. Resolved	Management Decision			
1998	11	\$17,011,401	8	\$8,390,850	\$5,350,168	\$0	\$1,630,691	\$3,719,477
1999	11	\$69,804,793	11	\$69,804,793	\$38,255,609	\$0	\$1,556,925 ¹	\$36,698,684
2000	21	\$72,886,717	13	\$62,789,675	\$62,481,614	\$48,600,000 ²	\$2,034,637 ³	\$11,846,977
2001	23	\$82,435,089	7	\$5,517,437	\$5,215,567	\$0	\$97,375	\$5,118,192
2002	11	\$3,150,560	0	\$0	\$0	\$0	\$0	\$0
Total	77	\$245,288,560	39	\$146,502,755	\$111,302,958	\$48,600,000	\$5,319,628	\$57,383,330

The House Report (H.R. 105-635) to accompany H.R. 4274, directs the Office of Inspector General of the Department of Education to submit reports detailing recoveries and savings generated by its work. The following table reflects that information.

¹ Total includes offset of \$249,900.

² Total includes a settlement agreement dated March 27, 2000.

³ Total includes two offsets totaling \$130,165 (\$90,600 + \$39,565) and one deobligation for \$77,959 for a total of \$208,124.

TABLE 11: Collections from Investigations

FY	Number of Investigations with Penalties	Fines, Restitutions, Settlements, and Judgements	Amount Collected (Current Period)	Amount Collected (Prior Period(s))	Amount Collected
1998	180	\$48,208,055	\$9,461	\$31,599,932	\$31,609,393
1999	274	\$19,154,906	\$24,060	\$7,140,166	\$7,164,226
2000	119	\$37,311,157	\$33,933	\$109,681	\$143,614
2001	130	\$9,808,716	\$92,937	\$88,539	\$181,476
2002	205	\$3,536,455	\$0	\$0	\$0
Total	908	\$118,019,289	\$160,391	\$38,938,318	\$39,098,709

The House Report (H.R. 105-635) to accompany H.R. 4274, directs the Office of Inspector General of the Department of Education to submit reports detailing recoveries and savings generated by its work. The following table reflects that information.

TABLE 12: Statistical Profile: October 1, 2001 to March 31, 2002

	Six-month Period Ending March 31, 2002
OIG AUDIT REPORTS ISSUED	37
Questioned Costs	\$2,801,843
Unsupported Costs	\$348,717
Recommendations for Better Use of Funds	\$0
OTHER OIG PRODUCTS	23
(Includes Inspections, Action Memoranda, Alert Memoranda, Close-out Letters, and Special Projects)	
OIG AUDIT REPORTS RESOLVED BY PROGRAM MANAGERS	29
Questioned Costs Sustained	\$10,463,443
Unsupported Costs Sustained	\$361
Additional Disallowances Identified by Program Managers	\$20,530
Management Commitment to the Better Use of Funds	\$0
INVESTIGATIVE CASE ACTIVITY	
Cases Open	113
Cases Closed	209
Cases Active at End of Period	375
Prosecutorial Decisions	75
-Accepted	57
-Declined	18
INVESTIGATION RESULTS	
Indictments/Information	54 ¹
Convictions/Pleas	59 ²
Fines Ordered	\$21,725
Restitution Payments Ordered	\$2,135,650 ³
Civil Settlements/Judgments (#)	114
Civil Settlements/Judgments (\$)	\$1,379,080
Seized/Forfeited Property	\$112,104

¹ Includes 4 cases that were not reported in the last Semiannual Report.

² Includes 11 cases that were not reported in the last Semiannual Report.

³ Includes \$244,708 that was not reported in the last Semiannual Report.