



Indiana Inspector General Legal & Ethics Conference

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U.S. Department of Education
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Federal Offices of Inspectors General

- o **The Inspector General Act of 1978 created Offices of Inspectors General to be independent and objective units that conduct activities to promote economy, efficiency, and effectiveness of their agencies' programs and operations and to prevent and detect fraud and abuse.**



Duties and Responsibilities

- OIGs conduct audits and investigations relating to the programs and operations of their agencies. OIGs employ auditors, investigators and other professional staff.
- OIGs review existing and proposed legislation, regulations, and policies and make recommendations concerning their impact on economy and efficiency and the prevention and detection of fraud and abuse.



Reporting

- ❖ IGs are required to issue semiannual reports to Congress summarizing the activities of their offices during the preceding 6 months.
- ❖ The IG testifies before Congressional committees and regularly provides informal updates and briefings on OIG work.
- ❖ OIGs publish their semiannual reports, audits and other reports relating to the OIGs work on their web sites. Agency home pages must include a link to the OIGs web site.



Statutory and Regulatory Access to Records

- Under the Inspector General Act of 1978, as amended, OIG can access any records available to the Department of Education in order to perform audits, investigations and inspections of Department programs and operations.
- The Family Educational Rights and Privacy Act (FERPA) requires schools receiving funding from the Department of Education to protect the privacy of student education records. In many cases consent must be received from a parent or student before records can be disclosed.
- FERPA provides that consent is not required in order to disclose student records to the Office of Inspector General. The regulations provide that representatives of the Secretary, which include OIG, may have access without prior consent in connection with an audit, evaluation, or enforcement of legal requirements related to the Department's programs.

FERPA regulations can be found at 34 C.F.R. Part 99,

AREAS OF FRAUD RISK

- One person in control
- No separation of duties
- Lack of internal controls/ignoring controls
- No prior audits
- Repeat audit findings
- High turnover of personnel
- Unexplained entries in records
- Unusually large amounts of payments for cash
- Inadequate or missing documentation
- Inability to answer or respond to basic questions
- Altered records
- Non-serial number transactions
- Inventories and financial records not reconciled
- Unauthorized transactions
- Related Party Transaction



U.S. Department of Education Office of Inspector General

- **Administers most Federal education assistance throughout the United States and its territories.**
- **Annual Budget is about \$70 billion, most of which it provides to States, school districts, colleges and universities.**
- **ED administers more than 120 programs that involve 55 State and territorial educational agencies, more than 13,500 school districts, 132,000 schools, 6,000 institutions of higher education, and numerous other grantees and sub-grantees.**

ED/OIG Management Challenges

- ✓ Improper Payments
- ✓ Information Technology Security
- ✓ Oversight and Monitoring (Student Financial Assistance Program Participants, Distance Education, Grantees, and Contractors)
- ✓ Data Quality and Reporting
- ✓ Information Technology System Development and Implementation



Oversight and Monitoring – Grantees

- ED is responsible for ensuring that grants are executed in compliance with requirements and that grantees are meeting program objectives.
- Funding for many grant programs flows through SEAs, to sub-recipients, such as LEAs or other entities.
- SEAs are responsible for overseeing and monitoring the sub-recipient's activities to ensure compliance with Federal requirements.

Reporting Fraud 200.113

- **Mandatory Disclosures**

- *The non-federal entity or applicant for a federal award must disclose, in a timely manner, in writing to the federal awarding agency or pass-through entity all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Failure to make required disclosures can result in any of the remedies described in Section 200.338 Remedies for non-compliance, including suspension or debarment.*

Subrecipient Monitoring Grant Reform: “Must”

Section 200.331

All pass-through entities

(b) Evaluate each sub-recipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

(e) Depending upon the pass-through entity’s assessment of risk posed by the sub-recipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing sub-recipients with training and technical assistance on program-related matters;
- (2) Performing on-site reviews of the sub-recipient’s program operations;
and
- (3) Arranging for agreed-upon procedures engagements.

How You Can Help

- ✓ Ensure that staff receive necessary training
- ✓ Review documents thoroughly
- ✓ Question documents/Verify authenticity
- ✓ Request additional information from the vendors or administration
- ✓ Compare information on different documents
- ✓ Contact the appropriate OIG

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