



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

May 14, 2009

The Honorable Darrell Issa
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Issa:

Thank you for your recent request for an updated total of the number of recent recommendations made by the Office of Inspector General that the U.S. Department of Education has not yet implemented. Enclosed you will find the results of our review, which covered January 1, 2001, through March 31, 2009.

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

Sincerely,

Mary Mitchelson
Acting

cc: The Honorable Edolphus Towns, Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives

Gabriella Gomez, Office of Legislation and Congressional Affairs
U.S. Department of Education

OVERVIEW

On April 16, 2009, the Honorable Darrell Issa, Ranking Member of the U.S. House of Representatives Committee on Oversight and Government Reform (Committee), requested that the U.S. Department of Education (Department) Office of Inspector General (OIG) provide updated information on OIG recommendations that remain unimplemented. A similar request was made to the other Federal IG offices. Specifically, Rep. Issa requested the following information:

1. Follow up on OIG's December 2008 report by providing an update on the number of open recommendations by year issued, 2001 through present; and
2. Provide an estimate, based on the IG's best judgment, of a possible implementation timeline for each recommendation.

After a discussion between Rep. Issa's staff and representatives of the Council of the Inspectors General on Integrity and Efficiency, it was determined on April 27, 2009, that IGs would not provide an estimated timeline for agency implementation of open recommendations, but instead would provide Rep. Issa with the contact information of an agency official who would provide such information. For the purposes of this report, the Department contact is:

Linda A. Stracke
Office of the Chief Financial Officer
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202
(202) 377-3301

BACKGROUND

OIG provides information in its *Semiannual Reports to Congress* (SARs) on audit reports issued, audit reports that are not yet resolved, and audit reports that have been resolved but for which corrective actions have not been implemented for at least a year after issuance of the final audit report.

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 detailed information regarding recommendations for all reports where the Department is directly responsible for implementing corrective action (internal audits). However, the system does not include 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, and grantees (external audits).

We relied on information in AARTS and in our SARs to prepare this response. We did not confirm the status of audits and recommendations reported by the Department in AARTS. All potential monetary benefits included in this response are based on the amounts of the recommendations in OIG's audit reports, and include questioned and unsupported costs, as well as identified better uses of funds, as detailed in our SARs.

As stated in our previous reports, OIG periodically evaluates the effectiveness of the Department's audit follow up system and corrective actions taken to address audit recommendations. OIG had planned to conduct an evaluation of the Department's audit follow up system in 2009; however, due to the magnitude of work OIG is performing and coordinating as required by the *American Recovery and Reinvestment Act*, as well as work in the student financial assistance programs associated with the *Ensuring Continued Access to Student Loans Act*, we have put this assignment on hold until a later date.

PRIOR COMMITTEE REQUEST

On December 15, 2008, former Committee Chairman Henry Waxman requested that OIG provide information on OIG recommendations that remain unimplemented. OIG submitted a summary of such recommendations made from January 1, 2001, through Fiscal Year (FY) 2008. Information submitted included:

1. The total number of open recommendations by year issued, 2001 through FY 2008;
2. The total potential monetary benefit of open recommendations, by year issued, 2001 through FY 2008;
3. A brief description of the three open recommendations with the highest potential monetary benefit; and
4. The total number of all recommendations, by year issued, 2001 through FY 2008.

A copy of the report can be found at the following link:

<http://www.ed.gov/about/offices/list/oig/misc/notyetimplemented20012008.pdf>. The report was an update to the Chairman's initial request for such information, received by OIG on December 7, 2007. The OIG provided its initial response to the Committee on January 31, 2008, which can be found on our website at the following link:
<http://www.ed.gov/about/offices/list/oig/misc/notyetimplemented20012007.pdf>

OPEN OIG RECOMMENDATIONS
January 1, 2001, through March 31, 2009

Internal Audits:

The OIG generally does not estimate monetary benefits in its internal audits of the Department's management of its programs and operations, other than to identify better uses of funds. AARTS includes information on the status of recommendations for internal audit reports. A total of 277 internal audits were issued during the period, with a total of 1,814 total recommendations made. Of those, 235 audits with 1,410 recommendations were reported as closed. 32 audits were reported as resolved, and 10 audits were reported as unresolved. The 42 open audits included a total of 404 recommendations, 164 of which have not yet been fully implemented.

Year of Report Issue	Total Number of Internal Audit Recommendations Made in Period	Number of Internal Audit Recommendations Still Open	Potential Monetary Benefits from Internal Audit Open Recommendations
2001	389	0	\$0
2002	260	0	\$0
2003	175	0	\$0
2004	200	1	\$0
2005	240	6	\$0
2006	179	10	\$0
2007	160	22	\$799,500
2008	203	117	\$0
2009	8	8	\$318,291
Total	1,814	164	\$1,117,791

External Audits:

Because the Department does not maintain detailed information on the status of recommendations for external audits in AARTS, the precise number of open recommendations and recommendations that have been implemented cannot be determined without an in-depth review of each audit report and confirmation of the status of corrective actions taken by the external entities. Thus, the number of open recommendations indicated in the chart below is based on an assumption that if an audit report is not resolved, then all recommendations in that report are still open.¹

¹ Audits are not considered overdue for resolution until six months after the final report date. Thus, some of the number of open recommendations for audits issued through March 31, 2009, includes audits that are not yet overdue for resolution.

The “Total Number of External Audit Recommendations Made in Period” column includes all recommendations made for external audits in the period, including those recommendations that the Department has reported as resolved or closed. The “Number of External Audit Recommendations Still Open” column includes only those audits for which the Department has not yet resolved the audit.

A total of 305 external audits were issued during the period, with 1,730 recommendations made. Of those, 128 audits with 562 recommendations were reported as closed; 124 audits with 728 recommendations were reported as resolved; and 53 audits with 440 recommendations were reported as open.

As recommendation-level detail is not available for external audits, our response is understated for any open recommendations for the 124 external audits that have been resolved, but for which corrective action has not been reported as completed for all recommendations. With currently available information, in the time provided for this response, we have no means by which to determine which of the 728 recommendations in resolved audits have not yet been fully implemented.

Year of Report Issue	Total Number of External Audit Recommendations Made in Period	Number of External Audit Recommendations Still Open	Potential Monetary Benefits from External Audit Open Recommendations
2001	208	11	\$990,828
2002	227	25	\$19,581,315
2003	311	29	\$24,391,603
2004	223	31	\$6,240,612
2005	227	33	\$77,367,594
2006	175	43	\$218,380,041
2007	163	87	\$417,119,112
2008	171	156	\$132,985,905
2009	25	25	\$19,914,124
Total	1,730	440	\$916,971,134

The Department of Education has legal requirements it must comply with before it can require the return of funds as a result of an audit finding. For many of its programs, under the *General Education Provisions Act*, the Department has “the burden of establishing a prima facie case for the recovery of funds, including an analysis reflecting the value of the program services actually obtained in a determination of harm to the Federal interest.” As a result, external audits with potential monetary recoveries require additional work and can require more time to resolve than external audits with only non-monetary findings or internal audits.

Summary:

The following chart shows the total numbers of recommendations, open recommendations, and amounts of potential monetary benefits from open recommendations, from both internal and external reports issued from January 1, 2001, through March 31, 2009:

Year of Report Issue	Total Number of Recommendations Made for All OIG Audits in Period	Number of Recommendations for All OIG Audits Still Open	Potential Monetary Benefits for All OIG Audits from Open Recommendations
2001	597	11	\$990,828
2002	487	25	\$19,581,315
2003	486	29	\$24,391,603
2004	423	32	\$6,240,612
2005	467	39	\$77,367,594
2006	354	53	\$218,380,041
2007	323	109	\$417,918,612
2008	374	273	\$132,985,905
2009	33	33	\$20,232,415
Total	3,544	604	\$918,088,925