



Identify and Report Federal Education Fraud

In Two Quick Steps

Each year, unscrupulous people steal or intentionally misuse U.S. Department of Education (ED) funds—funds provided by your hard-earned tax dollars. This includes Federal student aid, funding for special education, vocational rehabilitation, adult education, and Title I funds to school districts serving low-income families. These criminals divert vital funds away from educational purposes and students, unlawfully access ED computer systems and databases—they have even used ED funds to support terrorism.

The ED Office of Inspector General (OIG) works to stop the bad actors who seek to line their pockets with ED funds. But we can't do this alone, we need your help. And helping is easy! Just two quick steps is all you need to take to protect your tax dollars and the integrity of Federal education programs.

01

Learn to Spot Federal Education Fraud

02

Report Your Suspicions to the OIG Hotline

Step 1:

Learn to Spot Federal Education Fraud

The first step in stopping Federal education fraud is to know what it looks like. Here are some of the most common fraud indicators—clues and warning signs that tell you something may be amiss.



Common Fraud Indicators

K–12 Fraud

Fraud in elementary and secondary schools directly affects the most vulnerable people in our society: our children. If you work or volunteer in a school, school district, or other education services provider or contractor, be on the lookout for the following, as it may indicate criminal activity.

- Missing school funds or property
- Grant award money runs out too quickly
- "Ghost" students or employees/enrollment and payroll irregularities
- Inventory and financial records not reconciled
- Suspicious or non-verifiable existence of vendor
- Altered, inadequate, or missing documentation
- Assessment testing irregularities
- Unreasonable contract costs for services or services not provided
- Unexplained increase in wealth or lifestyle by school personnel or contractor

Public Corruption

Public corruption is a breach of public trust—when someone uses his or her position for personal gain, receives a bribe, or solicits one. If you volunteer, work, or notice any of the following involving your local, State, or Federal government operations, it may indicate criminal activity.

- Irregularities in contract awards or undue influence by people in decision-making positions
- Suspicious contract bidding trends and patterns
- Conflicts of interest
- Overly friendly government employee and contractor interactions
- Billing and payment requests for services that may not have been provided
- Duplicate claims for the same service
- Inferior quality or inflated prices for products and services
- Transactions lacking a business purpose
- Unusually large amounts of cash payments to individuals or contractors
- Nepotism and favoritism in hiring, promotions, or contracting



Step 1:

Learn to Spot Federal Education Fraud



Common Fraud Indicators (cont.)

Student Aid Fraud

Federal student aid exists so that people can make their dream of a higher education a reality. Schools that participate in the Federal student aid programs are required to report their suspicions of fraud to the OIG, so if you volunteer, work, or notice any of the following involving an institution of higher education—like a college, university, or post-secondary trade school—keep an eye out for the following, as it could spell F-R-A-U-D.

- Unexplained increase in wealth or lifestyle by school personnel
- Unresolved or repeat audit findings and reluctance to provide information to auditors
- Failure to return Federal student aid when a student withdraws
- Nonexistent “students” aka “Ghost Students”
- High employee turnover rate with low morale
- Sudden surge in applications for student aid
- Commonalities on Free Applications for Federal Student Aid or FAFSA, such as students sharing bank account numbers, home addresses, phone numbers, IP addresses or email addresses
- Students who withdraw after receiving grants and aid and frequently move from college to college
- Students who complete minimum coursework, receive student aid, and never return to class

Computer Crime Involving ED Data Systems and Information

Accessing without authorization any information technology system, like the National Student Loan Data System or NSLDS, is a crime. If you volunteer or work at a college, university, or an institution that participates in the Federal student aid programs, or if you otherwise become aware of any of the following, let the OIG know as it could be fraud!

- People who exhibit the following behaviors:
- Request access to systems they do not need to access
 - Plug removable media into systems from which data should not be removed
 - Access systems outside of normal working hours
 - Brag about having access to sensitive information or data
 - Get defensive when asked to account for their actions on a system
 - Debt relief companies presenting you with “limited time” offers or requesting your login information to access your ED accounts.
 - Proprietary data belonging to your organization available unsecured on the Internet



Step 2:

Report Your Suspicions to the OIG Hotline

The second step in stopping Federal education fraud is to report it! If you notice one or more of these fraud indicators, report your suspicions to the [OIG Hotline](#)—our free, 24-7 service that accepts tips, complaints, and allegations from all sources about possible theft, fraud, waste, abuse, mismanagement, public corruption, or whistleblower reprisals involving ED programs, operations, or funds.

Just follow the instructions on filing your report and our team of investigative professionals will take it from there.



Nervous about reporting?

Don't be! You can always make a report anonymously or in confidence.

Fear you could be reprimed against for reporting your suspicions?

Don't let that stop you from blowing the whistle, as protections may be available. [Learn about whistleblower protections.](#)



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