



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

April 28, 2016

James W. Runcie
Chief Operating Officer
U.S. Department of Education
Federal Student Aid
830 First Street N.E.
Room 112G1
Washington DC, 20202

Subject: Closure of OIG Audit of Federal Student Aid's Monitoring and Enforcement of
Compliance with the Misrepresentation Regulations, Control Number ED-OIG/A03P0005

Dear Mr. Runcie:

This letter advises you of the closure of our audit of Federal Student Aid's (FSA) monitoring and enforcement of compliance with the misrepresentation regulations. We will not be issuing an audit report. The objective of the audit was to determine whether FSA has control activities to reasonably assure that occurrences of misrepresentation are identified and addressed.

During the course of our fieldwork, from July 2015 through February 2016, we interviewed FSA staff and reviewed documentation relating to FSA's processes for identifying and tracking student complaints of misrepresentation. We also reviewed FSA's program review procedures pertaining to identifying misrepresentation by schools. We learned of two FSA initiatives that pertain to identifying and addressing misrepresentation by schools. FSA is in the process of implementing a new student complaints tracking system, called Enterprise, and a Student Aid Enforcement Unit. One of the four divisions of the new unit will be an investigations division that will identify potential misconduct, such as misrepresentation, or high-risk activity among schools and protect Federal funding.

We are closing this audit because FSA plans to implement these two initiatives throughout 2016; these two initiatives will be significant control activities that represent major changes to FSA's process for identifying and addressing misrepresentation by schools. The work we performed to date was not extensive enough to answer the objective described above and would not necessarily disclose all material weaknesses in FSA's controls activities to reasonably assure that FSA identifies and addresses occurrences of misrepresentation.

The closure of this audit does not preclude further reviews of this or similar areas by the Office of Inspector General in the future, nor is our review to be construed as a substitute for any other reviews required by law. In addition, closure of this audit should not be interpreted as agreement with or endorsement of areas reviewed or the implementation of Enterprise and the Student Aid Enforcement Unit.

In accordance with the Freedom of Information Act (5 U.S.C. § 522), reports and other products issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act. This memorandum will be made available on the Office of Inspector General Web site.

We appreciate the cooperation and assistance extended by your staff during the review. If you have any questions about the review, please contact Bernard Tadley at (215) 656-6279 or me at (202) 245-6949. No response to this memorandum is required.

Respectfully,

Patrick J. Howard /s/
Assistant Inspector General for Audit

cc:

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