

FRAUD REDUCTION REPORT

The Department continues to participate actively with OMB and other agencies in the government-wide workgroup that is collaborating on an implementation plan for the *Fraud Reduction and Data Analytics Act (FRDAA) of 2015*. The Department will continue to work with OMB to implement the FRDAA.

The Department recognizes the challenges that often surround fraud risk management and is taking action to address each challenge. These challenges include limited resources to conduct fraud risk management activities and difficulties in definitively separating fraud from other negative outcomes.

The Department is exploring ways to refine or enhance its business processes to be in a better position to define, deter, detect, and take action on fraud. For Title IV programs, Federal Student Aid (FSA) has established a Fraud Risk Group (FRG) within its Enterprise Risk Management Office to build capacity and expertise for and to dedicate resources to fraud risk identification and mitigation. In 2018, responsibility for receiving, processing, and taking action on fraud referrals from the Department's Office of the Inspector General (OIG) was transferred from the Finance Office to FRG.

FRG launched a new initiative to implement workflow and case management capabilities to perform analysis of all OIG fraud referrals within the existing Customer Engagement Management Systems (CEMS) infrastructure. This will enable more comprehensive analysis across all OIG fraud referrals and provide better tracking of referrals and possible recoveries of resultant improper payments. This common and interactive case processing tool will also reduce fraud review/case processing time and provide analytics to allow better fraud detection and prevention. FSA is also exploring ways to leverage data analytics better to detect and combat fraud in operations. Additionally, the Department has catalogued internal controls related to fraud prevention and detection, to include 45 detective and 103 preventive controls related to its grant programs and administrative payments.

To combat improper use of federal funding under the *Every Student Succeeds Act*, the Department requires that each recipient and sub-recipient publically display the contact information of the Department's OIG hotline to facilitate the reporting of suspected improper use of ESSA funding and that each recipient and sub-recipient provides assurance of truthfulness and accuracy of the information they provide in applications and in response to monitoring and compliance reviews.