

Statement of Deputy Inspector General Sandra D. Bruce
U.S. Department of Education
Before the Committee on Oversight and Government Reform and the
United States House of Representatives
February 2, 2016

Chairman Chaffetz, Ranking Member Cummings, and the members of the Committee on Oversight and Government Reform:

Thank you for inviting me here today to discuss the U.S. Department of Education (ED) Office of Inspector General (OIG) investigation of Dr. Danny A. Harris, ED's Chief Information Officer. Before I discuss this investigation, I would like to provide you with background information on our investigative operations.

The ED OIG was established in 1980, charged with promoting integrity, efficiency, and effectiveness in Federal programs and operations. We are also responsible for detecting and preventing waste, fraud, abuse, and criminal activity involving ED funds, programs, and operations. As such, we conduct criminal investigations of suspected fraudulent activities by ED employees, contractors, grant recipients, schools, teachers, students—in essence, by any entity or individual that receives ED funds or participates in ED programs. Our investigations cover a wide range of wrongdoing, including Federal student aid fraud rings, diploma mill schemes, fraud and corruption in after-school tutoring programs, and fraudulent billing of contracts. Our investigations have unraveled multi-million dollar fraud schemes by high ranking school officials, school owners, and other people placed in positions of trust to educate our children.

At present, the OIG currently operates with an investigative staff of 77, including 70 criminal investigators. Our criminal investigators carry an annual caseload of about 250-300 cases.

Cases come to the OIG in a number of ways, including our hotline, self-initiated investigations based on our audit-related or previous investigative work, reports from schools, universities, colleges, grantees, contractors, other State or Federal law enforcement agencies, ED employees, and Congressional representatives and their staff.

Because of the nature of our investigative work, Congress granted the OIG full statutory law enforcement authority in 2002, which includes making arrests and conducting search warrants. Our office conducts approximately 60 arrest warrants and between 20-25 search warrants each year. Some of the cases we work involve subjects with significant criminal histories, including violence against law enforcement officers, which are considered high-risk activities. We carry out all of our law enforcement activities in accordance with Federal laws, rules, and policies and procedures established by the U.S. Attorney General. This includes expeditiously reporting to the Attorney General whenever the OIG has reasonable grounds to believe that there has been a violation of Federal criminal law. In conducting our investigations, the OIG works closely with the U.S. Department of Justice (DOJ): the OIG is the investigative arm, the fact finders; DOJ is the prosecutive arm and determines whether a case will be prosecuted at the Federal level.

The DOJ may decline criminal or civil prosecution in favor of an agency's pursuit of administrative remedies. As the OIG is an independent unit within the agency and cannot be involved in management decisions, we are not involved in the agency's determination whether to take administrative action or the type of action to take. We do believe that it is important for an agency to make full and effective use of administrative remedies to address employee misconduct,

which also serves as a deterrent against misconduct by other employees and helps the agency maintain a culture of accountability and ethical behavior in the workplace.

As mentioned previously, the OIG carries an annual caseload of about 250-300 investigations. Less than 2 percent of these investigations involve ED employees. Although employee investigations account for a very small percentage of our work, we take these investigations very seriously, particularly those involving employees in senior leadership positions, as they have been trusted not only to help lead the agency, but also to serve as stewards of billions of taxpayer dollars. Since 2010, we have conducted 10 investigations involving senior ED officials (which we define as employees at the GS-15 level or higher.) Our investigation involving Dr. Danny Harris that you have asked me to discuss today is one of those cases.

The OIG Investigation of Dr. Danny Harris, Chief Information Officer

In 2011 and 2012, the OIG received two anonymous complaints concerning allegations of criminal and administrative misconduct by Dr. Danny Harris, ED's Chief Information Officer in the Office of the Chief Information Officer (OCIO), who is a member of the Senior Executive Service. The complaints included allegations that Dr. Harris:

- (1) Improperly awarded contracts to a company owned by his personal friend.
- (2) Operated a home theatre installation business with a subordinate employee and solicited other ED employees to perform work for this business.

During our investigation, we learned of additional complaints, alleging that Dr. Harris:

- (3) Operated a business detailing cars, where he employed subordinate OCIO employees to assist with the detailing work, and also accepted payments from subordinate OCIO employees for detailing their cars.
- (4) Instructed a subordinate OCIO employee to purchase products from eBay for his home theatre business and sold items on eBay using the subordinate's account, splitting the proceeds with the subordinate, and further used his ED email account to conduct these transactions.
- (5) Appeared to have advocated for a relative's employment within ED, and
- (6) Appeared to have made a \$4,000 personal loan to one of his subordinate staff.

By April 2013, our investigation had substantiated most of these allegations. Specifically, our investigation determined that Dr. Harris:

- Operated outside business ventures involving home theatre installation and car detailing with members of his subordinate OCIO staff and received payment from subordinate OCIO employees for services provided by the ventures. We found a business card for "Harris-Audio/Visual Innovation" which included a company logo and listed "Danny A. Harris" as "Owner/Operator." Dr. Harris stated that he paid hourly two OCIO employees for the work they completed related to these ventures. Dr. Harris informed us that the home theatre installation venture generated at least \$10,000 in income. This amount exceeded the

\$200 annual threshold that required reporting on the Public Financial Disclosure Report, Office of Government Ethics Form 278 (OGE-278). Dr. Harris did not report the income on his OGE-278s during the relevant time periods. Dr. Harris admitted that he did not report them on his OGE-278s. ED's Designated Agency Ethics Official (DAEO) said to the OIG that Dr. Harris' not reporting the income on his OGE-278s was a problem and would need a referral to the U.S. Attorney's Office. Dr. Harris also advised that he did not report this income on his taxes and acknowledged that he probably should have done so.

- Used his ED email account to conduct his outside business ventures.
- While employed in ED's Office of the Chief Financial Officer, participated on a panel that awarded a contract to a company owned by someone he had a personal relationship with. His participation, however, did not result in that contract being improperly awarded.
- Took actions to help a relative secure employment in ED. The relative was employed at the GS-4 level from 2010-2013.
- Made a \$4,000 loan to one of his subordinate staff.

We received conflicting information regarding the allegation that Dr. Harris instructed a subordinate OCIO employee to purchase products from eBay for his home theatre business.

Dr. Harris stated that the purchase was for his personal use; the employee stated that it was related to their home theatre installation business.

On April 2, 2013, as our criminal investigation into the allegations against Dr. Harris continued, we provided a report on our initial investigative findings to ED so that it could take appropriate administrative action against Dr. Harris. The OIG also made a referral to the Internal Revenue

Service-Criminal Investigations Division regarding Dr. Harris' failure to report all of his income on his income tax returns.

On February 13, 2015, the U.S. District Attorney's Office for the District of Columbia declined prosecution of all issues based on the availability of administrative remedies. On March 23, 2015, the OIG issued an addendum to our April 2, 2013, report to ED senior officials that reiterated the OIG's findings and noted the U.S. Attorney's Office declination based on the availability for administrative remedies. On June 23, 2015, the Acting Deputy Secretary responded to the addendum and stated that overall, he and the previous Deputy Secretaries working in consultation with ED's Office of General Counsel, found no violation of law or regulation. Instead, the Acting Deputy Secretary said that he believed Dr. Harris displayed certain lapses in judgment, which were addressed through counseling provided to the employee by the two prior Deputy Secretaries and the DAEO, and that the DAEO would provide written guidance to the employee and the Acting Deputy Secretary would provide additional counseling.

On July 9, 2015, the DAEO issued a written memorandum to the employee following up on oral guidance previously provided regarding the ethics issues raised by the OIG investigation, including Dr. Harris's personal friendship with a contractor, personal friendships and business relationships with subordinate employees, and personal use of government equipment and information resources. We closed our investigation administratively in September 2015.

This concludes my discussion of the OIG investigation. I am happy to answer your questions.

Deputy Inspector General – Sandra D. Bruce

Sandra D. Bruce is the Deputy Inspector General of the U.S. Department of Education (ED). Bruce is a results-oriented leader with more than 30 years of experience directing, overseeing, and managing complex audit, inspections, and investigative-related programs.

Prior to joining ED, Bruce was the Assistant Inspector General for Inspections at the U.S. Department of Energy, a position she also held at the National Geospatial-Intelligence Agency from 2006 to 2009. From 1997 to 2006, Bruce was a leader with the U.S. Postal Service Office of Inspector General, directing its Law Enforcement and Postal Service Security unit and its Computer Assisted Audit Techniques unit. From 1986 to 1997, Bruce was with the U.S. Army Audit Agency, where she began her public service career as an auditor, rising to an Audit Supervisor and Associate Program Director. Bruce was also a Legislative Fellow for Senator Carl Levin.

Bruce has received numerous awards for her work, including a 2012 Council of the Inspectors General on Integrity and Efficiency Award for Excellence, Distinguished Achievement Awards, and Exceptional Performance Awards. Bruce has been active in the IG community and currently serves on the Council of the Inspectors General on Integrity and Efficiency's Deputy Inspector General Committee, and previously served on the Intelligence Community Inspector General's Assistant Inspector General for Inspections Working Group.

Bruce earned her Master of Science in Information Systems from Hawaii Pacific University and her Bachelor of Science in Business Administration from Fayetteville State University.