



Department of Higher Education Office of Program Development Audit

Audit Period: July through December 2016

Results Summary:

Objective	Conclusion
Initial Authorization Process	Improvement Needed
New and/or Changed Degree or Programs Process	Improvement Needed
Reauthorization Process	Improvement Needed

* Please refer to Appendix A for classification of audit observations.



Executive Summary

Background

The Ohio Department of Higher Education (DHE) is a cabinet-level agency for the Governor of the State of Ohio that oversees higher education for the state. Within DHE, the Office of Program Development and Approval reviews initial authorizations, new degrees/programs, reauthorizations, change requests and progress reports for private institutions.

During the period July through December 2016, the Office of Program Development and Approval approved six new degree programs, one institutional authorization, three reauthorizations and 12 program change requests for private institutions.

During the audit, OIA identified opportunities for DHE to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank DHE staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over the agency's Office of Program Development's processes for private institutions. This work was completed December 2016 through March 2017. The audit period is July through December 2016. The scope of this audit included the following areas:

- Initial authorizations
- New programs
- Program change requests
- Reauthorizations

The following summarizes the objectives of the review:

- Evaluate the design and effectiveness of controls over initial institution authorizations.
- Evaluate the design and effectiveness of controls over new and/or changed programs or degrees.
- Evaluate the design and effectiveness of controls over reauthorizations.



Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.

Observation 1 – Reviews and Monitoring

In accordance with Ohio Administrative Code (OAC) Chapter 3333, the Office of Program Development and Approval reviews initial authorizations, new degrees/programs, reauthorizations, change requests and progress reports for private institutions. According to the Department of Higher Education’s (DHE) Guidelines & Procedures for Academic Program Review manual, institutions proposing initial authorization and many new degrees and programs require a site visit. Annual progress reports are typically due to DHE for three years after authorization. To maintain approval, DHE staff periodically reviews materials and/or conducts site visits and issues new Certificates of Authorization to institutions. DHE staff also review and approve requests from institutions to change program names, curriculum, locations, or add locations.

The Assistant Director of Program Approval Operations of the Office of Program Development and Approval uses a spreadsheet to track the approval status for new programs, reauthorizations, change requests, and progress reports. However, DHE does not record completed review dates on the spreadsheet. Therefore, there is no indication that the required reviews were completed.

For the five progress reports DHE received during the period July through December 2016, three (60%) did not contain any comments from the DHE institutional mentor to indicate review and approval of the progress report. Additionally, there is no indication that 11 of the 26 (42%) institutions on the progress report tracking spreadsheet ever submitted the first annual progress reports to DHE. The first progress reports for the 11 institutions were due between December 2014 and November 2016, according to the spreadsheet.

Furthermore, change requests are reviewed and approved by the DHE institutional mentor with no formalized staffing or supervisory oversight to ensure appropriate approvals.

Inadequate tracking of completion of reviews increases the likelihood that certificates are issued prior to the completion of necessary reviews and that institutions do not comply with progress report requirements. Lack of secondary reviews of change requests increases the likelihood that inappropriate changes are approved.

Recommendation

2	Department of Higher Education – Office of Program Development Audit	2017-DHE-01
----------	----------------------------------------------------------------------	-------------



Develop and implement adequate controls to ensure all necessary reviews are conducted prior to issuance of Certificates of Authorization. For example, consider developing a database with system controls to prevent creation or printing of certificates without valid entry of the required review dates. Develop and implement monitoring procedures to follow-up with institutions on outstanding progress reports and develop and implement a policy for ramifications for non-complying institutions, in accordance with OAC 3333-1-08(H). Additionally, assess lack of secondary reviews and approvals of institutions' change requests and evaluate the necessity of additional reviews to reduce the risk of inappropriate changes. Finally, develop and implement procedures to consistently document reviews and approvals of progress reports.

Management Response

Short Term Correction

The Review Date section was incorrectly labeled on the Master Tracking Spreadsheet. This section was mainly used when site visits were to occur. The section is now correctly labeled 'Site Visit Date.' Staff will use the notation 'N/A' when the review is a desk review.

An "Invoice" section had been added to the Progress Reports section of the Master Tracking Spreadsheet. Institutions will receive an invoice for the Progress Reports 30 days prior to a report's due date and the ODHE staff member assigned to the review will be copied. This will proactively remind institutions of upcoming reports and the associated review fees, as well as agency staff who can expect a submitted report.

Change requests will now be a recurring portion of the Program Development and Approval Bi-Monthly Staff Meetings. Staff members will report-out on change requests and any questions/clarifications will be discussed as necessary.

Short Term estimated completion date is March 2017.

Long Term Correction

The Office of Program Development and Approval will implement an electronic program approval submission system. The system will provide automated prompts to both ODHE staff and institutions when reports, fees, and other program approval-related information are due. New submissions will begin in the new system and provide a transparent workflow that is visible by both ODHE staff and the submitting institutions. Holds will be built into the system to prevent items from progressing through the program approval process without the submission of fees. Manual tracking of reviews will still occur on the ODHE shared drive as well.

Risk	Remediation Owner	Estimated Completion Date
Moderate	Associate Vice Chancellor of Program Development & Approval	November 2018



Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.

* Refer to Appendix A for classification of audit observations.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee