



Department of Education Adult Diploma Program Audit

Audit Period: July 2017 through June 2018

Results Summary:

Objective	Conclusion
Student Enrollment	Well-Controlled with Improvement Needed
Provider Application and Approval	Well-Controlled with Improvement Needed
Provider Payment	Well-Controlled with Improvement Needed

* Refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

The Ohio Department of Education (ODE) offers two specific programs for adults 22 years of age or older seeking a high school diploma in the form of the Adult Diploma Program (ADP) and the 22+ Adult High School Diploma Program (22+).

ADP provides job training and a new pathway for adults to earn a high school diploma and industry credentials aligned to one of Ohio's in-demand jobs. Instead of measuring academic achievement through clock hours, seat time or credits earned, the focus is on a competency-based approach that provides a self-paced option. Once competencies have been learned, adults then demonstrate mastery of skill. Each eligible adult works with the provider to create a customized student success plan. Upon completion of the program, graduates earn both a high school diploma and an industry-recognized credential. Payments to participating institutions for each student enrolled in an approved program of study are calculated according to a formula providing certain tiers of funding based on the number of hours of technical training required in the student's career pathway training program and the student's grade level upon initial enrollment into the program. During the period August 2017 through June 2018, ODE paid 35 providers approximately \$1.71 million to serve 568 program participants.

The 22+ Program allows adults, ages 22 and older, to earn a locally issued high school diploma. Participant education is provided by school districts, community colleges, university branches, technical colleges, or state community colleges. Education providers may receive up to \$5,000 per full-time equivalent student based on ODE's determination of an enrolled student's completion of graduation requirements. To earn a diploma, students must meet the graduation requirements that existed at the time the student entered 9th grade (i.e. earn required number of credits; pass Ohio Graduation Test/proficiency, etc.). Students have a maximum of two consecutive years to complete the program. For fiscal year 2018, ODE paid 21 providers approximately \$3.8 million to serve 1,240 program participants.

During the audit, OIA identified opportunities for ODE 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 ODE 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 Adult Diploma Program. This work was completed July 2018 through September 2018 for the audit period of state fiscal year 2018. The scope of this audit included the following areas:



- Adult Diploma and 22+ Adult High School Diploma Program processes to include:
 - Student Enrollment
 - Provider Enrollment
 - Payments to Providers
 - Efficiency and effectiveness of operations and resource allocation
 - Achievement of program objectives

The following summarizes the objectives of the review:

- Evaluate the design and effectiveness of controls over student enrollment to ensure eligibility requirements and to achieve program outcomes.
- Evaluate the design and effectiveness of controls over provider application approval process.
- Evaluate the design and effectiveness of controls over the provider payment process.

* Please refer to Appendix A for classification of audit objective conclusions.

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.

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.



Observation 1 – Lack of Monitoring System Access

Access controls help to ensure that an entity's data and information is secure and that information is only edited by authorized parties. It is best practice to grant system access to secondary individuals so that processes are not interrupted in the event of emergencies or unplanned employee absences. Appropriate authorization and periodic review of user access to systems by the appropriate level of management help prevent users from overriding controls and making unauthorized changes within the process. An organization should have established procedures in place to create and monitor user access to systems.

However, the Office of Career-Technical Education does not review access roles over the Adult Learner module within SAFE to verify that assigned roles are appropriate. The Adult Learner module within SAFE is used to approve student applications, providers, and payments to providers for the Adult Diploma Programs. This module also contains confidential personal information (CPI) which is required to be properly secured. OIA obtained a listing of individuals with access to the Adult Learner module and validated all were current ODE employees. OIA also verified the level of access for those involved in the Adult Diploma Program and noted no issues, however there were other individuals with access to the module which were not part of the Adult Diploma Program which OIA did not validate for appropriateness.

Failure to periodically monitor access to systems may result in inappropriate access, inappropriate approvals of students and/or providers, or inappropriate access or use of CPI. Data integrity may also be compromised if unauthorized users have access to key systems.

Recommendation

Implement a periodic (i.e. annual) review process across all departments utilizing the Adult Learner module within SAFE to ensure all users with access are appropriate. Work with OIT to generate a user listing to be confirmed by the appropriate members of ODE management within each department. Create and implement a formal policy and procedure to detail how to complete reviews, what documentation to review, frequency, responsibilities of all involved in the review, and supporting documentation to maintain as evidence of review completion. All policies and procedures should be reviewed by management on a periodic basis to ensure policies align with current rules and regulations.

Management Response

The Office of Career-Technical Education (OCTE) will review the list of individuals with current system access, and inform the Office of Information Technology (ITO) of access privileges that should be revoked or revised immediately.

Also, the OCTE will work with the ITO to develop and implement a recurring review process of user access rights in SAFE for the Adult Learner module. The process will detail how to



complete reviews, what documentation to review, frequency, responsibilities of all involved in the review, and supporting documentation to maintain as evidence of review completion. The ITO will be responsible for generating and providing the OCTE with a list of users with SAFE access to the Adult Learner module. The OCTE will be responsible for reviewing user access appropriateness and reporting the results of the review to the ITO. The ITO will remove or change user access as requested by OCTE following the review and maintain records of the review and subsequent access changes.

Risk	Remediation Owner	Estimated Completion Date
Moderate	Chief Information Officer	March 1, 2019



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