
Office of Postsecondary Education,
Accrediting Agency Evaluation Unit's Review of
Selected Accrediting Agency Standards and Procedures

FINAL AUDIT REPORT



ED-OIG/A09-C0014
July 2003

Our mission is to promote the efficiency,
effectiveness, and integrity of the
Department's programs and operations.



U.S. Department of Education
Office of Inspector General
Sacramento, California



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

JUL 23 2003

MEMORANDUM

TO: Sally Stroup
Assistant Secretary
Office of Postsecondary Education

FROM: Helen Lew *Helen Lew*
Assistant Inspector General for Audit

SUBJECT: FINAL AUDIT REPORT — Control Number ED-OIG/A09-C0014
*Office of Postsecondary Education, Accrediting Agency Evaluation Unit's
Review of Selected Accrediting Agency Standards and Procedures*

Enclosed is the subject final report that covers the results of our review of the Accrediting Agency Evaluation Unit management controls for ensuring that accrediting agencies recognized by the Secretary (1) have established standards to address educational institutions' success with respect to student achievement and measures of program length, (2) monitor institutions' adherence to the standards throughout their accreditation, and (3) take consistent enforcement action when institutions are not in compliance with the standards. An electronic copy has been provided to your Audit Liaison Officer. We received your comments non-concurring with Finding No.1 and partially concurring with the other findings presented in the draft report. Your comments are presented at the end of each finding and included in their entirety as an attachment to the report. For the areas of non-concurrence, an OIG response is included at the end of the finding.

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's automated audit tracking system. ED policy requires that you develop a proposed Corrective Action Plan (CAP) in the automated system within 60 days of the issuance of this report. The CAP should set forth the specific action items, and targeted completion dates, necessary to implement final corrective actions on the findings and recommendations contained in this final audit report.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the number of audits unresolved. In addition, any reports unresolved after 180 days from the date of issuance will be shown as overdue in our reports to Congress.

We appreciate the cooperation given us during this review. If you have any questions, please call Gloria Pilotti at (916) 930-2399.

Enclosure

Notice

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General.

Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

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EXECUTIVE SUMMARY

The Accrediting Agency Evaluation Unit (AAEU), within the U.S. Department of Education, Office of Postsecondary Education (OPE), needs to improve management controls over its evaluations of accrediting agencies recognized by the Secretary. The improvements are needed to ensure that the accrediting agencies have established standards to address institutions' success with respect to student achievement and measures of program length, and that the agencies monitor adherence to the standards and take enforcement action when institutions are not in compliance with the standards.

When evaluating accrediting agencies, AAEU did not require regional agencies to establish quantitative student achievement standards for educational institutions offering vocational education programs. Federal regulations state that accreditation standards for student achievement should include quantitative standards, such as job placement, when appropriate. The Secretary advised accrediting agencies that such quantitative standards should be established for vocational education programs. According to the Unit Chief, AAEU's policy was to require national accrediting agencies to have quantitative standards, but to not require such standards for regional accrediting agencies.

AAEU did not meet the minimum level of quality for management controls as defined in the General Accounting Office publication *Standards for Internal Control in the Federal Government* (GAO's *Internal Control Standards*), dated November 1999.¹ Thus, there is no assurance that AAEU evaluated accrediting agency standards and procedures in a consistent and effective manner.

- AAEU has limited written procedures and other guidance and does not require specialists to fully document their evaluations. We also found that AAEU specialists did not report limitations and weaknesses noted in OIG reviews conducted at individual accrediting agencies.
- AAEU has no documented supervisory review process and relies on individual specialists' evaluations and decisions for recognition recommendations. AAEU's reliance on individual specialists may impact the quality and thoroughness of the evaluations, as well as the integrity of the process.
- AAEU does not contact other Department units, state licensing agencies, or other agencies as part of the evaluations. Direct contact with these agencies and Departmental units could alert AAEU specialist to weaknesses in accreditation standards and the accrediting agency's procedures for monitoring and enforcing its standards at accredited institutions.

We recommend that the Assistant Secretary for the Office of Postsecondary Education ensure that AAEU does not recommend any accrediting agencies for recognition by the Secretary that accredit institutions offering vocational programs unless the agency has established quantitative standards for student achievement. We also recommend that the Assistant Secretary ensure that AAEU develops and implements additional written procedures for its specialists to use in conducting evaluations of accrediting agencies and takes other actions to improve its management controls.

¹ The term "internal controls" used in the GAO publication is synonymous with the term "management controls."

In its comments on the draft report, OPE did not concur with our finding and recommendations concerning its policy on quantitative standards for student achievement. OPE generally concurred with our procedural recommendations to improve AAEU's management controls, except it did not agree with recommendations related to site visits and institutional file reviews, and documenting AAEU specialists' conclusions. Also, OPE is evaluating alternatives to our recommendation that specialists contact other Department units and state agencies as part of their evaluations. OPE's comments on the draft report are summarized at the end of each finding and included in their entirety as ATTACHMENT 2.

BACKGROUND

Postsecondary educational institutions must be accredited by an accrediting agency recognized by the Secretary of the U.S. Department of Education in order to participate in the Higher Education Act of 1965 as amended (HEA), Title IV programs. To be recognized by the Secretary, accrediting agencies must demonstrate that they are reliable authorities regarding the quality of education or training offered by the institutions or programs they accredit. The Secretary may recognize an accrediting agency for a period of up to five years. The Secretary recognizes 39 accrediting agencies for HEA, Title IV purpose.

Section 496 of the HEA authorizes the Secretary to establish criteria for making such a determination. Section 496(a)(5) lists the criteria required, including that the agency's standards of accreditation assess an institution's (1) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, state licensing examinations, and job placement rates; and (2) measures of program length and the objectives of the degrees or credentials offered.

The regulations at 34 C.F.R. Part 602 implement the provisions of § 496. Among other requirements, the regulations require that accrediting agencies recognized by the Secretary—

- Reevaluate institutions at regular intervals and monitor institutions throughout their accreditation period to ensure that the institutions remain in compliance with the agency's standards, including adequate substantive change policies;
- Take enforcement action within specified time frames when an institution is not in compliance with the agency's standards; and
- Maintain a systematic program of review that demonstrates that the agency's standards are adequate to evaluate the quality of the education or training provided by the institutions it accredits and relevant to the educational or training needs of students.

Section 496(n)(1) requires that the Secretary conduct a comprehensive review and evaluation of the performance of an accrediting agency in order to determine whether the agency meets the established criteria and other requirements. AAEU is the unit within the Department's Office of Postsecondary Education that is responsible for conducting evaluations of accrediting agencies' standards of accreditation and operating procedures. Based on those evaluations, AAEU provides an analysis of the application to the National Advisory Committee on Institutional Quality and Integrity (NACIQI), which in turn advises the Secretary.² AAEU staff includes the Unit Chief and six specialists.

² NACIQI is composed of 15 members appointed by the Secretary of Education and meets twice a year. At the meetings, NACIQI considers accrediting agencies' applications for recognition and hears oral presentations by Department staff and other interested parties. When its review is concluded, NACIQI recommends that the Secretary either approve or deny recognition, or that the Secretary defer a decision.

AUDIT RESULTS

The objective of the audit was to evaluate AAEU's management controls for ensuring that accrediting agencies recognized by the Secretary (1) have established standards to address educational institutions' success with respect to student achievement and measures of program length, (2) monitor institutions' adherence to the standards throughout their accreditation, and (3) take consistent enforcement action when institutions are not in compliance with the standards.

We found that AAEU policies do not require regional accrediting agencies to establish quantitative student achievement standards for institutions offering vocational education programs. We also found that AAEU needs to improve its procedures for conducting evaluations of accrediting agencies' standards and procedures. AAEU has limited written procedures and documentation addressing its evaluations of accrediting agency standards for student achievement and program length and accrediting agency procedures for monitoring and enforcing the standards. AAEU has no documented supervisory process and relies on individual specialists' evaluations and recognition recommendations. AAEU specialists do not contact other Department units or other agencies prior to evaluating an accrediting agency for renewal of its recognition by the Secretary. Without adequate written procedures, documentation, supervision, staffing, and communications, there is no assurance that AAEU is evaluating accrediting agency standards and procedures in a consistent and effective manner.

FINDING NO. 1 – AAEU Does Not Require Regional Accrediting Agencies to Establish Quantitative Student Achievement Standards for Institutions Offering Vocational Education Programs

AAEU does not require regional accrediting agencies to establish quantitative student achievement standards for vocational education programs offered by accredited institutions. The regulations at 34 C.F.R. § 602.16(a)(1)(i) state that agencies must have an accreditation standard addressing—

Success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates.

In the preamble to the 1994 final regulations and the preamble to the 1999 proposed rules, the Secretary advised accrediting agencies—

For programs that provide vocational education, agencies should establish quantitative standards for completion rates, job placement rates, and pass rates on State licensing examinations.

The two national accrediting agencies included in our review had quantitative standards for student achievement, but the two regional accrediting agencies did not have such standards for institutions they accredited that offer vocational education programs.³ The accreditation standards used by the two regional accrediting agencies relied on the individual institutions to develop assessment programs and document the institution success with respect to student achievement.

According to the Unit Chief, AAEU did not require regional accrediting agencies to have quantitative standards for vocational education programs because the preamble language did not apply to regional accrediting agencies. The preamble language makes no distinction between regional and national accrediting agencies.

Students enroll in vocational training programs offered by accredited institutions with the expectation of obtaining gainful employment upon graduation. Setting quantitative standards and monitoring adherence to those standards enables an accrediting agency to assess and improve the effectiveness of accredited institutions to meet student expectations.

Recommendations

- 1.1 We recommend that the Assistant Secretary for Postsecondary Education develop an HEA reauthorization proposal that clarifies and requires that every accrediting agency establish quantitative standards for student achievement in vocational programs.

Also, we recommend that the Assistant Secretary for Postsecondary Education ensure that AAEU:

- 1.2. Does not recommend to NACIQI any accrediting agencies for recognition by the Secretary that accredit institutions offering vocational programs unless the agencies have established quantitative standards for student achievement.
- 1.3. Notifies all accrediting agencies that their accreditation standards must include quantitative student achievement standards for institutions offering vocational programs.
- 1.4. Promptly identifies the accrediting agencies whose accreditation standards do not include quantitative student achievement standards for institutions offering vocational programs, and notifies NACIQI of recommended corrective action.

OPE Comments

OPE acknowledged that requiring the reporting of student achievement data would provide useful information on program quality to accrediting agencies and the public. However, OPE did not concur with the finding or the recommendations. In its response to the draft report, OPE stated that both OPE's current interpretation of the HEA and regulations and the OIG's interpretation were permissible under the current law. Thus, the decision as to which interpretation to implement was a policy matter. OPE stated that implementing the OIG's recommendations would reverse ten years of

³ The 39 accrediting agencies recognized by the Secretary for Title IV purposes are comprised of 29 national accrediting agencies and 10 regional accrediting agencies. (Six of the regional agencies accredited degree-granting institutions). We selected 2 of the 29 national agencies and 2 of the 6 regional agencies that accredited degree-granting institutions. The four accrediting agencies are identified on ATTACHMENT 1.

interpretation of law and regulations and it preferred to defer action in this area until reauthorization of the HEA.

OIG Response

Our finding and recommendations remain unchanged. Students enrolled in vocational training programs have the same expectation of obtaining gainful employment whether the institution offering the program is accredited by a regional or national accrediting agency. Thus, regional and national accrediting agencies should be held to the same requirement of quantitative standards for student achievement. Given its acknowledgement of the usefulness of achievement data, we agree with OPE that this issue can also be addressed during reauthorization. We added a recommendation that OPE develop an HEA reauthorization proposal that specifically requires all agencies to establish quantitative standards for student achievement in vocational programs.

FINDING NO. 2 –AAEU Has Limited Written Procedures and Documentation Addressing Its Evaluations of Accrediting Agency Standards and Procedures

AAEU has not established adequate management controls over its evaluations of accrediting agencies' standards and procedures. We found that AAEU did not meet minimum levels of management controls because it had limited written procedures and other guidance, and did not require specialists to fully document their evaluations. Without adequate written procedures and documentation, there is no assurance that the specialists are evaluating accrediting agency standards and procedures in a consistent and effective manner. Also, we found that AAEU specialists did not report limitations and weaknesses noted in OIG reviews.

The regulations at 34 C.F.R. § 602.31(b) and (c) describe the procedures that Department staff are to use when evaluating accrediting agencies for recognition by the Secretary.

(b) Department staff analyzes the agency's application to determine whether the agency satisfies the criteria for recognition, taking into account all available relevant information concerning the compliance of the agency with those criteria and any deficiencies in the agency's performance with respect to the criteria. The analysis includes—

(1) Site Visits, on an announced or unannounced basis, to the agency and, at the Secretary's discretion, to some of the institutions or programs it accredits or preaccredits...

(c) Department staff's evaluation may also include a review of information directly related to institutions or programs accredited or preaccredited by the agency relative to their compliance with the agency's standards, the effectiveness of the standards, and the agency's application of those standards.

The regulations at 34 C.F.R. § 602.31(e) state that Department staff will document the evaluation:

[W]hen Department staff completes its evaluation of the agency, the staff—

- (1) Prepares a written analysis of the agency, which includes a recognition recommendation. . . .

Office of Management and Budget (OMB) Circular A-123 on Management Accountability and Control (June 21, 1995) requires that Federal agencies and individual Federal managers take systematic and proactive measures to develop and implement appropriate, cost-effective management controls for results-oriented management. The Circular states that “[m]anagement controls are the organization, policies, and procedures used to reasonably ensure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud, and mismanagement; (iv) laws and regulations are followed; and (v) reliable and timely information is obtained, maintained, reported and used for decision making.”

The GAO’s *Internal Control Standards* defines the minimum level of quality acceptable in internal controls in government and provides the basis against which internal controls are to be evaluated. The standards apply to all aspects of an agency’s operations: programmatic, financial, and compliance. GAO’s *Internal Control Standards* states that management is responsible for developing the detailed policies, procedures, and practices to fit their agency’s operations and to ensure that they are built into and an integral part of operations.” The standards state that “[I]nternal controls... need to be clearly documented, and the documentation should be readily available for examinations.”

AAEU Has Limited Written Procedures and Other Guidance for Use in Conducting Evaluations

AAEU has only limited written procedures or other guidance for implementing its responsibilities outlined in 34 C.F.R. § 602.31(b), (c), and (e), and reviewing changes in standards or procedures during an accrediting agency’s recognition period. The written procedures and guidance available consisted of the regulations, AAEU’s *Checklist for Analysis of Accrediting Agencies’ Petitions for Recognition* (Checklist), and the text of two presentations by a former AAEU chief entitled “Student Achievement” and “Validity and Reliability.”⁴ AAEU has no written procedures or other guidance for conducting site visits, reviewing information directly related to institutions or programs accredited by the agency, or reviewing changes in an accrediting agency’s standards or procedures during its recognition period.

Checklist Is Inadequate for Reviews of Accrediting Agencies’ Standards. The Checklist provided specialists with little, if any, guidance for evaluating accrediting agency standards. The regulation at 34 C.F.R. § 602.16(a) states—

⁴ The text of the presentation titled “Validity and Reliability” addresses the change in the regulations, issued October 20, 1999, which changed the terms used to describe the requirements of the accrediting agency’s program of review. The previous regulations required the program of review to demonstrate that accreditation standards were “valid” and “reliable. The current regulations use the terms “adequate” and “relevant.”

The [accrediting] agency must demonstrate that it has standards for accreditation... that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education and training provided by the institutions and programs it accredits. The agency meets this requirement if— (1) The agency’s accreditation standards effectively address the quality of the institution or program in the following areas.... [Emphasis added.]

The regulation at 34 C.F.R. § 602.21(a) states—

The agency must maintain a systematic program of review that demonstrates that its standards are adequate to evaluate the quality of the education or training provided by the institutions and programs it accredits and relevant to the educational or training needs of students.” [Emphasis added.]

Thus, standards for the listed areas must be effective and adequate for evaluating the quality of accredited institutions and programs, and relevant to the needs of students enrolled in those institutions and programs.

The Checklist contained the full text of 34 C.F.R. § 602.16, for the ten areas that must be addressed by an accrediting agency’s standards along with review indicators for each area. The review indicators were basically the same for each area. For student achievement and program length, the review indicators were:

- The agency has established a reasonable and appropriate threshold for quality in the area of success with respect to student achievement, i.e. there is a plausible rationale for the standard rooted in educational quality.
- The agency has established a reasonable and appropriate threshold for quality in the area of measures of program length, i.e. there is a plausible rationale for the standard rooted in educational quality.

The Checklist does not define the terms: reasonable and appropriate threshold for quality, plausible rationale, or rooted in educational quality. Also, the Checklist does not provide guidance for applying the terms during an evaluation to determine that the accreditation standards are effective, adequate, and relevant. For example, the Checklist does not provide guidance on how a specialist should evaluate the standards on program length for the four accrediting agencies we reviewed.

- One regional accrediting agency’s standard for undergraduate programs stated that “[a]n institution must clearly define what is meant by a major or an area of concentration and must state the number of credits required for each. An adequate number of hours with appropriate prerequisites must be required in courses above the elementary level.” The standard also stated that “[t]he institution must demonstrate that program length, clock hours or credit hours, and tuition and fee charges are appropriate for the degrees and credentials it offers.” Neither the accrediting agency’s standards nor other documents defined or provided criteria for a “credit hour.”
- The other regional accrediting agency’s standard was primarily addressed within its general requirement that “[The institution’s] degrees are appropriately named, following practices common to institutions of higher education in terms of both length and content of the

programs.” In addition, the agency’s Handbook of Accreditation required institutions to be able to equate their learning experiences with semester or quarter credit hours using practices common to institutions of higher education; justify the lengths of their programs in comparison to similar programs found in accredited institutions of higher education; and explain in their catalogs, student handbooks, or self-studies, how the institutions calculate equivalencies, if they do not use semester or quarter credit hours as the basic measure of their learning experiences. The handbook did not explain what was considered “common practice” for institutions of higher education, the basis for determining that programs are similar, or acceptable calculation of equivalencies.

- One national accrediting agency’s standard stated “the length of each program offered by the school is appropriate to enable students to achieve the program objectives and to acquire the knowledge and skills necessary for initial employment in the field for which training is provided. The agency’s standard specified minimum length in credit hours for occupational associate degrees, academic associate degrees, and baccalaureate degrees, but did not specify a minimum length for vocational non-degree granting programs. The other national accrediting agency required institutions to meet state minimum requirements for program length and specified a model to be used to assess program lengths in excess of the state minimum. Both accrediting agencies defined a credit hour in terms of the amount of instruction required, but neither specified the amount of outside preparation a student should be expected to complete for each credit hour.

For evaluating accrediting agencies’ standards for success with respect to student achievement, the text of AAEU’s presentation titled “Student Achievement” described a framework that would be used by the specialists:

Our “framework” is to see if (1) the agency has a real standard for success with respect to student achievement and it is clear, (2) the standard is numerical, if that’s appropriate, or contains numerical aspects, if that’s appropriate, (3) the agency’s approach to the assessment of success with respect to student achievement is multi-dimensional, (4) the agency’s approach contains all of what would generally be accepted as appropriate components, given the nature of the agency, the type of institutions and programs, and the field, (5) the agency makes appropriate use of success with respect to student achievement in its accrediting decisions, its monitoring of institutions and programs, and its efforts to require institutions and programs to apply the results toward improving quality of education, and (6) there is evidence that the agency’s standards for success with respect to student achievement are in fact effective.

The described framework contains steps for evaluating the effectiveness, adequacy, and relevance of an accrediting agency’s student achievement standard. However, there is no assurance that AAEU specialists applied the framework since the steps were not incorporated into the Checklist. For evaluating accreditation standards on measures of program length, AAEU provided the specialists with no additional guidance.

Checklist Is Inadequate for Review of Accrediting Agency’s Policies and Procedures. While the Checklist generally covered the required accrediting agency policies and procedures, it did not fully address the regulation at 34 C.F. R. § 602.21(a) concerning the accrediting

agency’s systematic program of review. The Checklist contained the review indicator “There is evidence that the agency’s standards are widely accepted as adequate to evaluate educational quality and relevant to the educational or training needs of student.” The fact that accreditation standards are “widely accepted” does not in itself fully address the requirement in the regulation that the systematic program of review demonstrates that accreditation standards are adequate and relevant.

Also, the review indicator does not adequately reflect the steps described in the text of the presentation “Validity and Reliability.” The presentation, which described the framework that AAEU would use to evaluate an accrediting agency’s systematic program of review, states that AAEU would look for “evidence that the agency’s systematic program of review is in fact effective, i.e. [ensures that standards are] adequate to measure quality and relevant to the education needs of student.”

No Guidance Provided for Site Visits and Reviews of Institutional Files and Other Information.

AAEU has not provided its specialists with guidance on the type or number of site visits to be conducted as part of the evaluations, or when specialists should include reviews of institutional information. Our work for the four reviewed accrediting agencies found that the specialists’ site visit activities varied among the accrediting agencies.

Activity	Accrediting Agency			
	Regional #1	Regional #2	National #1	National #2
Number of accrediting agency commission meetings attended	1	---	1	2
Reviewed institutional files at the accrediting agency	---	---	Yes	Yes
Number of observed accrediting agency site visits to institutions ^(a)	---	1	4	3
^(a) Since this activity is at the institution, it does not meet the regulatory requirement that the Department staff have site visits to the accrediting agency.				

As shown in the above table under Regional #2, one specialist did not make at least one site visit to the accrediting agency as required by 34 C.F.R. 602.31(b)(1). Also, we found that AAEU did not have procedures for specialists to use when visiting accrediting agencies, attending commission meetings, reviewing institutional file, or observing the accrediting agencies’ institutional site reviews.

No Procedures for Conducting Reviews of Changes in Standards and Procedures Made During the Recognition Period. The regulation at 34 C.F.R. § 602.27(d) requires accrediting agencies to submit to the Department “[a]ny proposed change in the agency’s policies, procedures, or accreditation standards that might alter its— (1) Scope of recognition; or (2) Compliance with the criteria for recognition....” AAEU has no written procedures for reviewing proposed changes in standards or procedures submitted during the agency’s recognition period or confirming that accrediting agencies appropriately addressed AAEU’s comments provided on the changes.

One of the accrediting agencies in our review was conducting a systematic program of review and reorganization of its standards at the time the AAEU specialist conducted the review for renewal of the agency's recognition. According to the Unit Chief, the accrediting agency submitted the proposed standards as required by the regulations and the AAEU specialist provided verbal comments to the accrediting agency. However, we found no evidence of this activity in AAEU's file since the specialist did not document either the review or discussion with the accrediting agency. Also, the specialist did not subsequently review the finalized standards. Since AAEU has no written procedures for reviewing changes made during the recognition period, there is no assurance that such reviews are done or that the review are thorough and consistent, and the specialists' comments on proposed changes were addressed in the implemented standards or procedures.

AAEU Does Not Require Specialists to Fully Document Their Evaluations

The HEA § 496(n)(4) states that “[t]he Secretary shall maintain sufficient documentation to support the conclusions reached in the recognition process. . . .” GAO's *Internal Control Standards* states that “all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination” and that “[a]ll documentation and records should be properly managed and maintained.”

The only documents prepared by the specialists that we found in the AAEU files for the four accrediting agencies were the reports submitted to the NACIQI. We found that the AAEU specialists did not fully document the basis for their determinations that the accrediting agencies met the regulations in the AAEU reports. For the most recently renewed accrediting agency, the AAEU specialist located in his personal records the completed Checklist and the *Regulation Compliance/Documentation Summary Table* that was prepared to link the Checklist elements to the accrediting agency documents used in the evaluation.⁵ The Checklist and summary table also did not document the basis for the specialist's determination.

AAEU Reports to NACIQI on Renewal of Recognition. The AAEU reports for the four reviewed accrediting agencies generally summarized the standards and procedures described in the accrediting agencies' petition and exhibits submitted with the petition. The AAEU reports also disclosed the commission/decision meetings and institutional site reviews attended and institutional file reviews conducted by the specialists.

The AAEU report for the accrediting agency with the most recent renewal of recognition, which recommended renewal of recognition for a period of five years, did not state the specialist's determination on individual requirements or the basis for his overall determination that the agency “substantially complies with the Criteria for Recognition.” Also, the report did not address two areas specified in the regulations: 34 C.F.R. § 602.22 Substantive change and 34 C.F.R. § 602.20 Enforcement of standards. While the completed Checklist documented the specialist's determinations on the individual requirements, including the two cited regulations, this information was not communicated to NACIQI. We also found that the report did not explain the specialist's

⁵ According to the Unit Chief, AAEU specialists began using the Checklist in Fall 2000 to document their evaluations of accrediting agency standards and procedures. The evaluation of one of the four accrediting agencies occurred after implementation of the Checklist. Previously, AAEU specialists did not use a standard form during their evaluations.

basis for the type and number of site visits, the information gained from the one site visit conducted, or how the information gained from the site visit was used in the evaluation.

The AAEU reports for the other three accrediting agencies were prepared using a former report format. These reports presented the specialists' determination on individual requirements, but did not explain the basis for their determination for one or more of the requirements. Two of the reports described how information gained from site visits or file reviews were used in their evaluation for only one or two of the requirements and the other report made no mention of such information.

Specialist Completed Checklist/Summary Table. The completed Checklist for one accrediting agency had an "X" in the box next to each review indicator and referenced the documents provided in the accrediting agency's petition for renewal that were used by the specialist in making the determination. The review indicators, which consisted primarily of "yes/no" statements, did not prompt the specialist to explain the basis. For example, the Checklist included the statement "The agency has demonstrated that it follows its substantive change policy," rather than, "How did the agency demonstrate that it followed its substantive change policy?" The summary table listed the regulation section and the documentation reviewed for the section, but provided no information explaining the basis for the specialists' determination.

AAEU Reports Did Not Identify Limitations or Weaknesses Noted in OIG Reviews

The AAEU reports on renewal of recognition for the four accrediting agencies did not address the limitations and management control weaknesses found in the OIG reviews of the individual agencies. Also, we did not agree with an AAEU specialist's conclusion on an accrediting agency's interim report.

None of the AAEU reports for the four accrediting agencies addressed the limitations and management control weaknesses found in the OIG reviews.⁶ For example, one OIG review found that an accrediting agency's policy on institutions reporting substantive changes did not address changes from clock to credit hours and substantial increases in clock or credit hours. The review also found that the agency's policy on reporting changes in educational delivery method only addressed degree programs offered through distance delivery methods. Although the standards had not changed, the AAEU report on the accrediting agency's petition for continued recognition did not mention these deficiencies. Even though the specialists' evaluations were conducted at different times than ours, the specialists should have identified some of the limitations and management control weakness identified in our reviews.

Three of the four accrediting agencies were required to submit interim reports as a condition of their renewal of recognition by the Secretary. AAEU specialists reviewed the interim reports and provided NACIQI with the status of corrective actions. For one of the accrediting agencies, we disagreed with the specialist's conclusion that the accrediting agency had taken the necessary corrective actions. The agency was required to submit an interim report to demonstrate that it tracked and evaluated state licensing examination pass rates. We found that the accrediting agency was collecting state licensing examination data from its institutions, but had not established a

⁶ ATTACHMENT 1 summarizes the suggestions for improving standards and management controls presented in the OIG Management Information Reports for the four reviewed accrediting agencies.

standard for state licensing examination pass rates or begun evaluating institutional performance to that standard.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education require that AAEU:

- 2.1 Develop and implement additional written procedures for AAEU specialists to use in conducting evaluations of accrediting agencies for recognition by the Secretary. The written procedures should include, but not be limited to—
 - Guidance tailored to each required standard, including student achievement and program length,
 - Definitions and examples for terms, such as “appropriate threshold for quality” and “plausible rationale,” and
 - Guidance on number and type of site visits and institutional file reviews to be conducted in evaluations and how the site visits and file reviews should be documented and used in the evaluations.

To facilitate development of the procedures, we suggest that AAEU conduct a self-assessment using the GAO’s *Internal Control Management and Evaluation Tool*.

- 2.2 Develop and implement additional written procedures for AAEU specialists to use in conducting evaluations of accrediting agencies’ interim reports and changes in standards and procedures submitted during an accrediting agency’s recognition period.
- 2.3 Expand the section of its Checklist covering the accrediting agency’s systemic program of review to fully address 34 C.F.R. § 602.21 and the presentations titled “Student Achievement” and “Validity and Reliability.”
- 2.4 Revise the Checklist to prompt the specialists to document after each requirement their conclusion and the basis for concluding that the accrediting agency met or did not meet the specific regulation.
- 2.5 Require its specialists to prepare a written evaluation plan, identifying the overall approach, areas of special concern and purpose, number and type of site visits and file reviews.
- 2.6 Retain in its files the completed Checklists and other specialist-prepared documents used to support the specialists’ evaluations.

OPE Comments

In its response to the draft report, OPE partially concurred with our recommendations to improve AAEU management controls. OPE stated that it is reluctant to stipulate the number of site visits and institutional file reviews necessary for an evaluation since the need for these activities varies with the particular circumstances of each accrediting agency and may not be known until the review is underway. OPE did not concur with our recommendation to revise the Checklist to prompt specialists to document their conclusions and basis for the conclusions for each requirement. OPE stated that this recommendation would significantly increase staff workload while not necessarily

adding to the quality of the staff analysis. OPE stated that NACIQI had requested that staff analysis be streamlined and that the multiple levels of supervisory review of draft analyses and the multi-step decision-making process followed ensure appropriate identification and review of those areas where the analyst determines the agency to be in compliance. OPE has reserved comment on our recommendation to retain completed Checklists and other specialist-prepared documents in its files. OPE expressed concern that such documents could be viewed as public documents and, as such, be subject to requests under the Freedom of Information Act. OPE also stated that the intent of its process is to work with an agency to bring it into compliance and that the process protects the agency from public release of potentially embarrassing information that is subsequently corrected. OPE is seeking an opinion from the Department's Office of General Counsel on this matter. OPE agreed to take action on the other recommendations.

OIG Response

Our recommendations remain unchanged. While we agree that AAEU should not stipulate a specific number or type of site visits and institutional file reviews for each evaluation, it should provide specialists with general guidance to use when making their decisions on site visits and file reviews. As mentioned in the report, our review of the evaluations for the four accrediting agencies found that the specialists' site visit activities varied among the accrediting agencies and, in one case, the specialist did not make at least one site visit to the accrediting agency as required by the regulations. By issuing general guidance, AAEU procedures would provide a higher level of assurance that the specialists' evaluations provide consistent coverage of the accrediting agencies' activities and that the specialists comply with applicable regulations.

We do not agree with OPE's statement that requiring specialists to document their conclusion and basis for that conclusion for each requirement would significantly increase staff workload. AAEU specialists are already required, as part of the evaluation process, to reach conclusions as to an accrediting agency's adherence to each of the specific regulatory requirements. In order to reach such a conclusion, the specialists would need to form a basis for the conclusion. Thus, the only additional step added by our recommendation is the documentation of the conclusion and basis. AAEU specialists that have performed an adequate evaluation should require little additional time to prepare a brief written explanation of the basis for their conclusions.

We disagree with OPE's statement that requiring specialists to document conclusions and the basis for the conclusions would not necessarily add to the quality of the evaluation. The process of articulating the basis in writing would provide the specialists with an opportunity to review their conclusions. Also, the documentation would facilitate and enhance the effectiveness of supervisory reviews to ensure that the analyses were thorough and consistent with analyses of other accrediting agencies, and that specialists' conclusions were appropriate. The retention of the documentation in AAEU files is needed to comply with the HEA requirement to maintain sufficient documentation to support the conclusions reached in the recognition process. We disagree with OPE's position that documents prepared by specialists should not be retained in order to protect agencies from potential embarrassment.

FINDING NO. 3 – AAEU Has No Documented Supervisory Review Process and Relies on Individual Specialists’ Evaluations

AAEU has no documented supervisory review process. Also, AAEU relies on an individual specialist to evaluate an accrediting agency’s standards and procedures. GAO’s *Internal Control Standards* states “[q]ualified and continuous supervision should be provided to ensure that internal control objectives are achieved.” The *Standards* also state “[n]o one individual should control all key aspects of a transaction or event” and that management has a key role in “removing temptations for unethical behavior.”

Supervisory Reviews. AAEU has no written procedures for supervisory review of the specialists’ work or decisions. According to the Unit Chief, a documented review process was not needed since the specialists were experienced and exercise good judgment. The Unit Chief stated that she reviewed draft AAEU reports prior to sending the reports to the accrediting agency for comment. For the four reviewed accrediting agencies, AAEU files contained no evidence that a review was performed or that the supervisor agreed or disagreed with the specialists’ determinations.

AAEU could improve its management controls by implementing a documented supervisory review process that includes reviews of the specialists’ evaluation plans prior to implementation, the completed Checklist documenting the specialists’ conclusions, draft reports sent to accrediting agencies, reports to NACIQI, and other specialist-prepared forms and reports. To facilitate documentation of supervisory reviews, AAEU could add a section to the Checklist for the Unit Chief to document her review of the specialist’s conclusions and basis for the conclusions. Also, AAEU could develop a form for the Unit Chief to use in documenting her review and approval of draft AAEU reports.

Reliance on Individual Specialist. AAEU assigns one specialist to perform the review of an accrediting agency’s petition for recognition. The specialist makes the decision on whether the accrediting agency has the required accreditation standards and procedures for monitoring and enforcing the standards. AAEU’s reliance on individual specialists may impact the quality and thoroughness of the evaluations.

We are also concerned that assigning one specialist the responsibility for designing and conducting the entire review, with minimal supervision, could subject the specialist to undue influence by the accrediting agency being reviewed. While we found no indications that AAEU specialists were subject to undue influence by accrediting agency officials, management does have the responsibility to mitigate, when possible, an employee’s exposure to such potential influence.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education require that AAEU:

- 3.1 Ensure that supervisory reviews are performed and written procedures for conducting and documenting the review are implemented, including documenting whether the supervisor agrees or disagrees with the specialists’ determinations.

- 3.2 Has more than one specialist on site when conducting accrediting agency site visits and observing accrediting agency institutional reviews.

OPE Comments

In its response to the draft report, OPE agreed to document procedures for supervisory reviews, but did not agree with our recommendation to have more than one specialist present when conducting accrediting agency site visits and observing accrediting agency institutional reviews. OPE stated that such decisions are better made on a case-by-case basis.

OIG Response

Our recommendation remains unchanged. Supervisory reviews may mitigate the risks associated with assigning a sole specialist to perform the evaluation of an accrediting agency's written standards and procedures. However, given the critical role of accreditation in the oversight of programs authorized by the HEA, such reviews do not provide sufficient oversight of the specialist's activities and decisions while conducting site visits and file reviews. Also, by assigning only one specialist for site visits, the Department has not met its obligation to remove temptations for unethical behavior.

FINDING NO. 4 – AAEU Specialists Do Not Contact Other Department Units and Agencies

As part of their evaluations of accrediting agencies, AAEU specialists do not contact other Department units, state agencies, guaranty agencies, or others that may have pertinent information on accredited institutions. GAO's *Internal Control Standards* states "[e]ffective communications should occur in a broad sense with information flowing down, across, and up the organization" and "management should ensure there are adequate means of communicating with, and obtaining information from, external stakeholders that may have a significant impact on the agency achieving its goals".

The regulations at 34 C.F.R. § 602.31(a)(2) and (3) require Department staff to solicit public comment by publishing a notice of the review of the agency in the Federal Register and provide copies of the notice to state licensing/authorizing agencies, other recognized accrediting agencies, and other appropriate organizations. AAEU complied with this requirement. However, AAEU did not require the specialists, as part of their evaluations, to contact the relevant state agencies, guaranty agencies, or other Departmental units within the Office of Postsecondary Education, Federal Student Aid, and the Office of Inspector General. State licensing/approving agencies may have collected adverse information on institutions accredited by the accrediting agency under review. Other Departmental units with policy and monitoring responsibilities for HEA, Title IV programs may have relevant information on accredited institutions. Direct contact with these agencies and Departmental units could alert AAEU specialists to weaknesses in accreditation standards and accrediting agency's procedures for monitoring and enforcing the standards at accredited institutions.

Recommendation

- 4.1 We recommend that the Assistant Secretary for Postsecondary Education require that AAEU include in its procedures that specialists contact other Department units and selected state agencies prior to conducting evaluations of accrediting agencies for renewal of recognition by the Secretary.

OPE Comments

In its response to the draft report, OPE stated that the information provided through contacts with Department units and state agencies is generally collected and maintained at the individual institution level and that anecdotal information about a single school or a small number of schools is insufficient to establish an accrediting agency's pattern of behavior. OPE stated that, as an alternative, it is evaluating available Departmental databases to determine if they contain data that would be informative to the specialists. If useful information is identified, OPE will explore generating reports from those databases for its specialists. OPE stated that it might also explore obtaining information from databases maintained by state agencies.

OIG Response

We support OPE's decision to evaluate information available on databases maintained by the Department and state agencies, however, our recommendation remains unchanged. While anecdotal information may not be sufficient to draw conclusions regarding an accrediting agency's adherence to the HEA and regulations, the information could provide valuable insight into areas of focus during the evaluation.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to evaluate AAEU's management controls for ensuring that accrediting agencies recognized by the U.S. Department of Education (1) have established standards to address institutions' success with respect to student achievement and measures of program length, (2) monitor institutions' adherence to the standards throughout their accreditation, and (3) take consistent enforcement action when institutions are not in compliance with the standards.

We focused our review on AAEU's policies and procedures for evaluating accrediting agencies for renewal of recognition by the Secretary. We reviewed the HEA and applicable regulations, OMB Circular A-123 on Management Accountability and Control, and GAO's *Internal Control Standards* and *Internal Control Management and Evaluation Tool*. We also reviewed AAEU's *Guide to Submitting a Petition for Recognition: Review Elements and Suggested Agency Documentation*, and *Checklist for Analysis of Accrediting Agencies' Petitions for Recognition*. We interviewed the Director for Accreditation and State Liaison Staff, the AAEU Unit Chief, and AAEU specialists. We reviewed the findings presented in prior OIG reports on accrediting agencies.

To confirm that AAEU adhered to its policies and procedures for accrediting agency recognition, we reviewed AAEU files and reports for 2 of the 6 regional accrediting agencies that were degree granting and 2 of the 29 national accrediting agencies that provided institutional accreditation for institutions participating in HEA, Title IV program. We also interviewed the AAEU specialists that performed the reviews of the four selected accrediting agencies. We judgmentally selected the four accrediting agencies that represented the agencies with the highest number of institutions accredited within their respective categories. The four selected accrediting agencies are identified in Attachment 1 of the report. We compared the limitations and management control weaknesses identified in the OIG reviews of the four selected accrediting agencies with the evaluation conclusions presented in AAEU reports.

We performed fieldwork at the AAEU office in Washington, D.C. from February 26 through March 1, 2002 and from June 17 to June 21, 2002. During March 2002 through January 2003, we initiated and completed the reviews at the four selected accrediting agencies. We held an exit briefing with AAEU officials on February 10, 2003. Our review was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review.

STATEMENT ON MANAGEMENT CONTROLS

We assessed the system of management controls, policies, procedures, and practices applicable to AAEU's process for evaluating accrediting agencies' standards for student achievement and program length and the agencies' monitoring and enforcement of those standards at accredited institutions participating in HEA, Title IV programs. We performed our assessment to determine whether AAEU's processes provided a reasonable level of assurance that accrediting agencies established the required standards, ensured that accredited institutions adhered to established standards, and, took consistent enforcement action when institutions were noncompliant. For the purpose of this report, we assessed and classified significant controls related to AAEU's process for evaluation accrediting agencies into the following categories:

- Conducting evaluations and reporting on petitions for renewal of recognition by the Secretary,
- Conducting evaluations of interim reports required by the Secretary, and
- Conducting reviews of proposed changes in standards and procedures submitted during the accrediting agency's recognition period.

The management of AAEU is responsible for establishing and maintaining a management control structure. In fulfilling this responsibility, judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that accrediting agencies have required accreditation standards and procedures to ensure institutions adhere to the standards, and that enforcement action is taken when institutions are found to be noncompliant with the standards.

Because of inherent limitations in any management control structure, errors and irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

We concluded that AAEU does not have sufficient management controls to provide a reasonable level of assurance that accrediting agencies established the required standards, ensured that accredited institutions adhered to established standards, and took consistent enforcement action when institutions were noncompliant. As discussed in the AUDIT RESULTS section, we found that AAEU does not require regional accrediting agencies to establish quantitative student achievement standards for institutions offering vocational education programs. We also found that AAEU has limited written procedures and other guidance for use in conducting evaluations, does not require specialists to fully document their determinations, has no formal supervisory review process, relies on individual specialists' evaluations and decisions for recognition recommendations, and does not contact other Department units or other agencies as part of the review process.

ATTACHMENT 1

Summary of OIG Suggestions Made to Selected Accrediting Agencies for Enhancing Standards and Strengthening Management Controls

Summary of OIG Suggestions Made to Selected Accrediting Agencies for Enhancing Standards and Strengthening Management Controls

	Regional #1	Regional #2	National #1	National #2
Accrediting Agency	North Central Association of Colleges and Schools ED-OIG/A09-C0016	Southern Association of Colleges and Schools, Commission on Colleges ED-OIG/A09-C0018	National Accrediting Commission of Cosmetology Arts and Sciences ED-OIG/A09-C0019	Accrediting Commission of Career Schools and Colleges of Technology ED-OIG/A09-C0017
Last Renewal of Recognition	1997	2001	1999	1999
Standards addressing student achievement	<ul style="list-style-type: none"> ▪ Develop standards that are sufficiently concrete and specific to permit the agency to determine whether an institution is compliant or noncompliant. ▪ Study the measures used in assessment programs at institutions with similar purposes and programs and developing measures for incorporation in the agency's standard for student achievement. ▪ Establish quantitative standards for completion rates, job placement rates, and pass rates on State licensing examinations, as applicable, for certificate and degree programs with vocational objectives. ▪ Provide additional guidance with actual examples of the types of student assessment measures and methods an institution might use for a particular institutional mission and purpose. 	<ul style="list-style-type: none"> ▪ Revise its new standard for student achievement to explicitly state that programs must fulfill the institution's defined expected educational results. ▪ Analyze the measures used in assessments at institutions with similar programs and developing measures for incorporation in the agency's standard for student achievement. ▪ Establish quantitative standards for completion rates, job placement rates, and pass rates on State licensing examinations, as applicable, for vocational education programs offered by its accredited institutions. 	<ul style="list-style-type: none"> ▪ Require its Advisory Committee on Validity and Reliability to conduct quantitative analyses of institutions' past completion, licensure, and placement rates as part of its evaluation to ensure that the minimum levels provide an adequate and relevant measure of educational quality. ▪ Revise the completion rate formula by removing from the list of exempt students those students who failed to maintain satisfactory attendance and academic progress, and students who completed the program outside 150 percent of the course. ▪ Either revise the placement rate formula by removing from the list of 	<ul style="list-style-type: none"> ▪ Eliminate the "withdrawn employed in field" category of students from the completion rate formula. The inclusion of these students overstates a program's completion rate since the students did not complete the educational program. ▪ Define a minimum employment period for acceptable placements. Under its current procedures, employment of one-day duration could be considered a placement for purposes of calculating the placement rate.

	Regional #1	Regional #2	National #1	National #2
			<p>ineligible students those students who failed to take the state licensing examination <u>or</u> include a separate minimum rate that measures placement for all students who complete the program.</p> <ul style="list-style-type: none"> ▪ Define the type and period of employment for placements reported in Annual Reports. 	
Standards addressing program length	<ul style="list-style-type: none"> ▪ Describe the Carnegie formula in written guidance, explicitly stating that institutions should use this method and, if they do not, must submit written justification for any deviation. ▪ Provide guidance on documenting justifications for deviations from the Carnegie method. ▪ Include in its policy addressing systematic program of review a statement that the advisory panel that meets every five years will comprehensively review each accreditation standard individually, as well as the standards as a whole. 	<ul style="list-style-type: none"> ▪ Provide institutions with written guidance on “sound and acceptable practices” for assigning credit hours to programs. The guidance should include the agency’s formulas for assigning credit hours, required levels of outside preparation, and a requirement that institutions submit a written justification for any deviation from the guidance. 	None.	<ul style="list-style-type: none"> ▪ Define amount of outside preparation expected for each assigned credit hour.

	Regional #1	Regional #2	National #1	National #2
Management controls for ensuring adherence to standards	<ul style="list-style-type: none"> ▪ Provide peer reviewers specific guidance for evaluating institutions' assessment programs with respect to student achievement, including actual examples of the types of student assessment measures that are appropriate for a particular learning outcome and suitable benchmarks. ▪ Require institutions to articulate in the self-study report the definition of success with respect to student achievement and student outcome results. ▪ Require peer reviewers to examine and report on institutions' success with respect to student achievement. ▪ Require peer reviewers to confirm the institution's use of the Carnegie formula for determining credit hours and report on the validity of justifications for any deviation. ▪ Ensure that its substantive change policies are consistent with regulatory requirements by including in its policy changes from clock hours to credit hours, substantial increases in clock or credit hours, and changes in delivery method for all programs, not just distance education programs. 	<ul style="list-style-type: none"> ▪ Require peer evaluators to confirm the institution used SACS' formulas for determining credit hours and report on the validity of justifications for any deviation. ▪ Require peer evaluators to report on institutional success with respect to student achievement for each educational program and the institution overall. ▪ Implement procedures to monitor institutions' adherence to the standards for student achievement during the accreditation period. For example, consider adding a requirement in its substantive change policy that institutions inform the accrediting agency of changes in their systems for determining institutional effectiveness. Also, consider having institutions provide the results of their assessments of student achievement for each educational program as part of their annual reports. 	<ul style="list-style-type: none"> ▪ Include, as part of its Annual Report Verification Study, a verification of supporting documentation for the number of "exempt students" reported by institutions. ▪ Have site visit teams include in their Team Reports the results of accrediting agency staff's verification of Annual Report data and the basis for concluding that institutions met the standards for student achievement and measure of course length. ▪ Have the designated and testing evaluation teams utilize and reconcile any conflicting findings to ensure that the institution addresses all identified problems. 	<ul style="list-style-type: none"> ▪ Include a question on the site visit checklist on whether the institution adhered to the guidance provided in its Application for Clock Hour to Credit Hour Conversion when the institution determined the credit hours for each of its programs.

	Regional #1	Regional #2	National #1	National #2
Management controls for ensuring enforcement of standards	We could not determine the effectiveness of the accrediting agency’s management controls for ensuring consistent enforcement action is taken when institutions are not in compliance with established standards for student achievement and measures of program length. The agency’s standards are general in nature, subjective judgments were used to determine adherence to standards, and the agency’s institutional files contained insufficient documentation. Under current procedures, the agency has not needed to take enforcement action, because institutions have not failed or could not fail these standards.	None.	<ul style="list-style-type: none"> ▪ Define the “special circumstances” that NACCAS would consider when deciding whether to withdraw accreditation for institutions not meeting its minimum completion, licensure, and placement rates. ▪ Utilize and reconcile areas where there are differences in the conclusions reached by designated and testing file review teams when making accrediting decisions. 	<ul style="list-style-type: none"> ▪ Define “good cause” for extending time limits for institutions to come into compliance with standards.

NOTE: The OIG reviews were limited to standards addressing student achievement and program length and the management controls for monitoring accredited institutions’ adherence to those standards and taking enforcement actions when institutions were found to be noncompliant. The cited OIG Management Information Reports, available at www.ed.gov/offices/OIG/, provide more information on the OIG suggestions.

ATTACHMENT 2

OPE Comments on the Draft Report



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

APR 29 2003

THE ASSISTANT SECRETARY

Ms. Gloria Pilotti
Regional Inspector General for Audit
501 I Street, Room 9-200
Sacramento, CA 95814

Dear Ms. Pilotti:

Thank you for the opportunity to respond to the Office of Inspector General's draft audit report, Office of Postsecondary Education, Accrediting Agency Evaluation Unit's Review of Selected Accrediting Agency Standards and Procedures (ED-OIG/A09-C0014).

I want to note at the outset that much of our reaction to this audit report is shaped by the proximity of reauthorization of the Higher Education Act (HEA). We fully expect Congress to complete revisions to HEA before it adjourns next year. In addition, we believe that reauthorization could bring significant changes in the requirements placed on accrediting agencies and, consequently, in the work performed by the Accrediting Agency Evaluation Unit (AAEU). We are, therefore, hesitant to commit time and resources to major changes in interpretations of law and regulations and in work processes when those activities in all likelihood would need to be revisited in the wake of reauthorization.

Let me now turn to specific findings and recommendations in the audit report.

Finding No. 1 – OIG found that AAEU does not require regional accrediting agencies to establish quantitative student achievement standards for vocational education programs imbedded in schools that have institutional accreditation. OPE acknowledges that requiring the reporting of this data would provide useful information on program quality to accrediting agencies and to the public. But implementing this change would reverse ten years of interpretation of statute and regulations. We have reviewed this issue and believe that the statute and regulations are deliberately non-specific on this point. We believe that both the current interpretation and OIG's suggested interpretation are permissible under current law and that the decision as to which to implement is a policy matter. In light of this, OPE prefers to defer action in this area pending reauthorization of HEA to see if Congress provides a clearer indication of the requirements to which regional accrediting agencies are to be held. Therefore, OPE does not concur with Finding No. 1 or with the recommendations under it.

Finding No. 2 – OIG found that AAEU has limited written procedures and documentation of its work procedures and processes. OPE believes that this finding raises an important issue to the extent that it bears on providing guidance to accrediting agencies and insuring that Department interpretations of statute and regulations are accurate and consistent. We think several of the OIG's recommendations should and can be implemented. However, some of the recommendations would significantly increase staff workload without contributing to appreciable improvements in the quality of staff analyses and oversight of accrediting agencies. Therefore, OPE partially concurs with Finding No. 2.

OPE partially concurs with recommendation 2.1, and the ASL Director will work with the AAEU Branch Chief and staff to develop guidance for each of the criteria bearing on the evaluation of an accrediting agency. This activity will include, to the maximum extent possible, creating definitions and examples of general terms such as "appropriate threshold for quality." This activity will lead to revisions in the guidance provided to accrediting agencies and in the checklist used by staff analysts in their evaluations. For several reasons we are reluctant to stipulate the number of site visits and agency file reviews necessary for an evaluation. The need for these actions varies with the particular circumstances of each agency under review. The ability to conduct these activities is affected by factors, such as budget, that are beyond the control of OPE. Often the need for site visits and file reviews only becomes apparent after the review of the agency is underway and specific problems are identified.

We believe that the actions proposed in response to recommendation 2.1 render those in 2.2 redundant. Interim reports result from an agency's failure to comply with the provisions of one or more criteria. The guidance developed for each of the criteria would also apply to an analyst's review of an interim report. This would also apply in cases of substantive changes in an agency's standards and procedures during the period of recognition. Guidance to staff will make it clear that a review against the identified tests is required whenever an agency makes changes of this nature.

The recommendations under 2.3 would also be addressed in the proposed response to 2.1. It is our intent that our revised guidance address all of the Secretary's Criteria for Recognition.

OPE does not concur with recommendation 2.4. While we appreciate the utility of internal controls and acknowledge that they may facilitate future audits, they would significantly increase staff workloads while not necessarily adding to the quality of staff analyses. In the past, as OIG noted in its report, AAEU staff prepared extensive analyses that addressed all criteria. These analyses averaged 80 to 120 pages in length. Members of NACIQI requested that the staff analyses be streamlined, which led to the current format that provides an overview of the agency and highlights areas of concern or non-compliance. We believe that the multiple levels of supervisory review of draft analyses and the multi-step decision-making process followed insure appropriate identification and review of those areas where the analyst determines the agency to be in compliance.

OPE concurs with recommendation 2.5. Staff analysts will be required to prepare a brief evaluation plan for each agency addressing the projected number of site visits and file reviews and any issues with the agency identified during the current recognition period.

OPE reserves comment on recommendation 2.6. Our concern is that checklists and other documents retained in files could be viewed as public documents and be subject to FOIA requests. We are seeking an opinion from OGC on this matter. As OIG is aware, the initial staff analysis is treated as a draft and, as such, is not subject to FOIA requests. This approach is consistent with our view that the intent of this process is to work with the agency to bring them into compliance with the criteria and protects the agency from the public release of potentially embarrassing information that is subsequently corrected.

Finding No. 3 – OIG found that AAEU had no documented supervisory review process and relies on individual analyst's evaluations. We concede that the supervisory review process lacks formal documentation but wish to note that a substantial review of the draft analyses does take place. The AAEU Branch Chief conducts an initial review with the staff analyst of each draft analysis. Both the Director of ASL and the Executive Director of NACIQI subsequently review the drafts.

IG also recommends that more than one staff analyst be assigned to site visits to agencies and site reviews of institutions. As was noted earlier in my comments, these decisions are better made on a case by case basis.

In response to recommendation 3.1, the Director of ASL will develop procedures for documenting supervisory reviews of draft staff analyses. OPE does not concur in recommendation 3.2.

Finding No. 4 – OIG finds that AAEU analysts do not contact other Department units or agencies in gathering information used in evaluating accrediting agencies. The primary difficulty in accessing these external sources concerns the nature of the data. The information available from these sources is generally collected and maintained at the level of individual institutions, while the work of AAEU requires data aggregated at the level of the accrediting agency. Anecdotal information about a single school or a small number of schools is insufficient to establish a pattern of behavior by an agency that may be noncompliant with the Secretary's Criteria.

The Accreditation and State Liaison Unit (ASL) is currently evaluating Department databases, such as PEPS, GAPS, and IPEDS, to determine if they contain data that would be informative to AAEU analysts. If useful data are identified, ASL will explore the feasibility of extracting data from these Department sources to generate reports that can further inform analysts about agencies under review. If we believe it feasible to move forward with this activity, we anticipate completion by the end of this calendar year.

Tapping into databases maintained by state agencies raises issues in addition to those noted above. The Department would need to secure permission to access this information from each state. There are also issues of security of the data and software compatibility that would need to be resolved. We view this as a second phase activity to be undertaken after successfully accessing Department databases.

OPE partially concurs with Finding No. 4.

Please let me know if we can provide any additional clarification regarding this response.

Sincerely,


Sally L. Stroup