

Report 2013-045 All Recommendation Responses

Report 2013-045: Bureau for Private Postsecondary Education: It Has Consistently Failed to Meet Its Responsibility to Protect the Public's Interests (Release Date: March 2014)

Recommendation #1 To: Private Postsecondary Education, Bureau for

To ensure that it does not create unnecessary delays for institutions that desire to operate within the State, the bureau should reduce its backlog of licensing applications by reviewing and streamlining the applications process.

Agency Response*

The bureau has implemented procedures that streamline the application review process. Procedure #2013-0007, Application for Approval to Operate for a Non-Accredited Institution is included as Attachment #1. The process has assisted in reducing the number of backlogged applications from 1174 in July, 2013 to 806 in February, 2015.

- **Response Type†:** 1-Year
- **Completion Date:** November 2014
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

Although the bureau provided us updated procedures for Approval to Operate a Non-Accredited Institution, it has not demonstrated that these procedures significantly reduced the backlog because most of the reduction came from other types of applications. The bureau's backlog of Applications for Approval to Operate a Non-Accredited Institution only decreased from 211 to 203 during the period from July 2013 to February 2015.

- Auditee did not substantiate its claim of full implementation

Agency Response*

The Bureau has contracted with CPS Consulting to conduct a process improvement/workload analysis in order to determine the most efficient method to review applications. However, the Bureau continues to pilot different processes and assess the success at streamlining the application process. New procedures are under development. This is the responsibility of the Licensing Chief and the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The Bureau has contracted with CPS Consulting to conduct a process improvement/workload analysis in order to determine the most efficient method to review applications. However, the Bureau continues to pilot different processes and assess the success at streamlining the application process. New procedures are under development. Procedures estimated to be complete by August 2014. This is the responsibility of the Licensing Chief and the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #2 To: Private Postsecondary Education, Bureau for

To ensure that it does not create unnecessary delays for institutions that desire to operate within the State, the bureau should develop a process for tracking the status of the applications it receives.

Agency Response*

The Bureau had previously responded with a spreadsheet that the BSA determined did not include the ability to track the time that staff take to perform each step of the application review process (Recommendation #5). The spreadsheet has been amended to include the amount of time staff takes to complete specific tasks. An example of the spreadsheet is included as Attachment #2.

- **Response Type†:** 1-Year
- **Completion Date:** September 2014
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The Bureau has commenced requiring licensing staff to track the status of an application by recording the progress in an Excel spreadsheet. Procedures are being updated. This is the responsibility of the Bureau Chief, the Licensing Chief and the Chief Deputy Director.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Agency Response*

The Bureau has commenced requiring licensing staff to track the status of an application by recording the progress in an Excel spreadsheet. Procedures are being updated. This is the responsibility of the Bureau Chief, the Licensing Chief and the Chief Deputy Director.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** August 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Partially Implemented

The bureau's spreadsheet does not track the amount of time that staff take to perform each step of the licensing process.

Recommendation #3 To: Private Postsecondary Education, Bureau for

To ensure that it does not create unnecessary delays for institutions that desire to operate within the State, the bureau should specify a time frame within which staff must process applications.

Agency Response*

The Bureau, in conjunction with CPS HR Consulting has developed timeframes for completing specific types of applications. The list is included as Attachment #3.

- **Response Type†:** 1-Year
- **Completion Date:** February 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Creating timelines is included in the process improvement/workload analysis that is being conducted by CPS. This is the responsibility of the Bureau Chief and the Licensing Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Creating timelines is included in the process improvement/workload analysis that is being conducted by CPS. This is the responsibility of the Bureau Chief and the Licensing Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #4 To: Private Postsecondary Education, Bureau for

To ensure that it does not create unnecessary delays for institutions that desire to operate within the State, the bureau should update its procedures to include the time frames for processing applications.

Agency Response*

Procedures have been updated to include the processing benchmarks for each application type. The Bureau has included the cover pages for 16 application processing procedures (procedure #s 2013-0002, 2013-0006, 2013-0007, 2013-0008, 2013-0009, 2013-0010, 2013-0011, 2013-0012, 2013-0013, 2013-0014, 2013-0015, 2013-0016, 2013-0020, 2013-0021, 2013-0022 and 2013-0060) each indicating the benchmarks as Attachment #4.

- **Response Type†:** 1-Year
- **Completion Date:** February 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Once the process improvement/workload analysis that is being conducted by CPS is complete, the Bureau will update procedures to include the timeframes for processing applications. This is the responsibility of the Bureau Chief and the Licensing Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Once the process improvement/workload analysis that is being conducted by CPS is complete the Bureau will update procedures to include the timeframes for processing applications. This is the responsibility of the Bureau Chief and the Licensing Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** November 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #5 To: Private Postsecondary Education, Bureau for

To ensure that it does not create unnecessary delays for institutions that desire to operate within the State, the bureau should track the time its staff take to perform each step of the licensing process.

Agency Response*

The application tracking spreadsheet (Attachment #2) has been updated to indicate the time it takes to process each step of the application.

- **Response Type†:** 1-Year
- **Completion Date:** September 2014
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Tracking the time it takes to process applications will be included in the process improvement/workload analysis being conducted by CPS. This is the responsibility of the Bureau Chief and the Licensing Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Tracking the time it takes to process applications will be included in the process improvement/workload analysis being conducted by CPS. This is the responsibility of the Bureau Chief and the Licensing Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #6 To: Private Postsecondary Education, Bureau for

To ensure that it does not create unnecessary delays for institutions that desire to operate within the State, the bureau should use available resources—such as visiting committees—to assist in processing the applications.

Agency Response*

The Bureau has determined that visiting committees are not appropriate in all situations. However, the Bureau understands the intent of Recommendation #6 and has begun using an alternative process to speed the processing of applications in the Quality of Education Unit. The Education Specialists review the application and create their list of questions regarding the quality of educational programs and schedules a meeting with the institution to discuss. This is feasible because the scope is limited to the quality of the educational programs. The Bureau is including as Attachment #5 the worksheet used for application review in conjunction with a meeting with the institutional representatives.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The Bureau plans to increase its utilization of visiting committees. The Bureau will continue its recruitment efforts for visiting committee members. Senate Bill 1247 will require expanded use of visiting committees.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Because the law allows the use of visiting committees for applications for approval to operate and institutions are generally not operating without approval, it is not reasonable to convene a visiting committee for institutions that are not yet in existence. The Bureau utilizes visiting committees as appropriate and that is generally for institutions that are seeking approval to operate and commenced operation during the sunset period. However, the Bureau is piloting a process for going to institutions that submit applications for substantive change in order to speed along the review process. The initial results are encouraging and draft procedures are being developed. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

We are perplexed by the bureau's response related to visiting committees. We would expect the bureau to use visiting committees, as warranted, for applications for approval to operate. Because our audit identified only four circumstances in which the bureau has used visiting committees, we believe the bureau could avail itself of this option more frequently in order to reduce application processing times.

Recommendation #7 To: Private Postsecondary Education, Bureau for

To comply with state law, the bureau needs to establish a proactive program to identify unlicensed institutions.

Agency Response*

The Bureau has created procedures for a proactive program for identifying unlicensed activity to be used in conjunction with the more traditional methods of identifying unlicensed activity. This was the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Completion Date:** May 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Fully Implemented

Recommendation #8 To: Private Postsecondary Education, Bureau for

To ensure that the unlicensed institutions it identifies cease to operate, the bureau needs to use the enforcement mechanisms that state law provides for sanctioning unlicensed institutions and track all relevant information related to its enforcement actions against these institutions.

Agency Response*

The Bureau is including updated procedure #2014-0008 for Monitoring Citations as Attachment #6 that indicates some of the options if institutions fail to respond to a citation. Additionally the Bureau is including procedures for Injunctive Relief (#2015-0005) as Attachment #7, procedures for Emergency Decisions (#2015-0004) as Attachment #8, copy of PUC Resolution allowing the Bureau to disconnect telephone service as Attachment #9 and an example of an injunction that is in process as Attachment #10.

- **Response Type†:** 1-Year
- **Completion Date:** February 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

The bureau provided us copies of logs that it uses to track its enforcement actions. However, the logs contained either missing dates or other errors. Thus, the bureau is not tracking all relevant information.

- Auditee did not substantiate its claim of full implementation
-

Agency Response*

The Bureau utilizes enforcement mechanisms such as demand letters for payment and referral to the Franchise Tax Board. Additionally, the Bureau updated its policy on citation, fine and cost recovery. (See Attachment #8)

- **Response Type†:** 6-Month
- **Completion Date:** September 2014
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Although the bureau provided us with its updated policy titled Collection of Citation Fine or Cost Recovery, it did not provide us with its policies related to other methods for sanctioning institutions. For example, state law grants the bureau the ability to bring an action for restitution, a temporary restraining order, or a preliminary or permanent injunction. Further, the bureau did not address the portion of the recommendation for tracking all relevant information related to its enforcement actions against these institutions.

- Auditee did not address all aspects of the recommendation
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Agency Response*

The Bureau is still researching how to effectuate telephone disconnect processes. Action fo equitable relief is being utilized. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Our audit identified other enforcement mechanisms in addition to disconnecting telephone service, such as enforcing administrative fines as money judgments and bringing an action for restitution. We expect the bureau's 6-month and 1-year response to include the status of other enforcement mechanisms.

Recommendation #9 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should establish a schedule that maps out its anticipated announced and unannounced inspection dates for each of the institutions it regulates, and ensure that the schedule is consistent with state law.

Agency Response*

The Bureau has updated the compliance inspection tracking log (Attachment #11) to include anticipated dates of inspections for all institutions. The spreadsheet also takes into account changes made by SB 1247 (Chapter 840, Statutes of 2014).

- **Response Type†:** 1-Year
- **Completion Date:** September 2014
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

The bureau provided us a copy of a document it calls a compliance inspection tracking log, but the log the bureau provided to us did not include all of the institutions the bureau regulates, and only includes the anticipated announced and unannounced inspection dates for selected institutions.

- Auditee did not substantiate its claim of full implementation
-

Agency Response*

The Bureau's current efforts to draft a compliance inspection schedule are on hold pending the passage of Senate Bill 1247. The bill would significantly change the compliance scheduling methodology. For example, the bill would require a compliance inspection every five years instead of two.

(See Attachment #12,p4)

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The Bureau is finalizing this schedule. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** June 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #10 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should prioritize its announced and unannounced inspections to focus on those institutions that have a higher risk of noncompliance.

Agency Response*

The Bureau has previously provided procedure 2013-007 for Compliance Inspections that includes the requirement for prioritization. The Bureau has also created a spreadsheet that includes space to provide weights from 1 (low) to 10 (high) for prioritization categories. Many of the prioritization categories are included in regulations that are being promulgated (see initial language discussed at the May 12, 2015 advisory committee meeting) and have been included in anticipation of the regulations being adopted and are blank, some of the categories are being used currently and are completed, some of the categories are being used currently but have not yet been populated because the process is manual and the Bureau has simply not gotten all the way through the process of research and populating the prioritization matrix. At this point the top priorities are those institutions which have yet to receive an announced compliance inspection. The Bureau is including a copy of the spreadsheet. This spreadsheet is confidential.

This recommendation remains partially implemented. The Bureau is focused on implementing this recommendation and expects to fully implement by December 2016.

- **Response Type†:** Annual Follow Up
- **Estimated Completion Date:** December 2016
- **Response Date:** September 2015

California State Auditor's Assessment of Status: Not Fully Implemented

Agency Response*

The Bureau is including procedures #2013-0070 for Compliance Inspections as Attachment #12. The procedures outline the requirements for prioritization of compliance inspections. The prioritization criteria are also included in the Compliance Inspection Tracking Log as Attachment #11.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

The Bureau has provided us a log of its compliance inspections and its procedures for prioritizing compliance inspections. However, the bureau has not provided evidence that it has implemented this prioritization criteria for all of the institutions it regulates.

- Auditee did not substantiate its claim of full implementation

Agency Response*

This is included in the updated procedures. This was the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Completion Date:** May 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Partially Implemented

The draft procedures do not state clearly its method of prioritizing institutions that have a higher risk of noncompliance.

- Auditee did not substantiate its claim of full implementation

Recommendation #11 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should seek official clarification from its legal counsel and the federal government regarding whether it must conduct compliance inspections for educational institutions approved through accreditation by July 1, 2014.

Agency Response*

In the prior response, the Bureau indicated that SB 1247 may have an impact on this process, however, no action was taken that would impact the response. A copy of the letter to the United States Department of Education was included in the 60-day response. The Bureau believes the legal opinion is included in the letter that was written by the Bureau's legal counsel. As neither the Bureau nor the Department of Consumer Affairs received a response prior to the period of time being questioned (July 1, 2014) and it is beyond the July 1, 2014 date that this recommendation was focused on, further action is moot.

- **Response Type†:** 1-Year
- **Completion Date:** July 2014
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Senate Bill 1247, if signed into law, would make changes in exemption criteria for certain institutions. If necessary, the bureau will seek clarification from the Department of Education once the bill becomes law. (See Attachment #12,p3)

- **Response Type†:** 6-Month
- **Response Date:** September 2014

California State Auditor's Assessment of Status: No Action Taken

Agency Response*

This letter was mailed April 28, 2014. This was the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Completion Date:** April 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Partially Implemented

The bureau did not provide evidence of the U.S. Department of Education's response. Further, the bureau did not provide evidence that it sought clarification from its legal counsel.

- Auditee did not address all aspects of the recommendation
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Recommendation #12 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should establish a mechanism for tracking the amount of time its staff take to complete each step of its announced inspection process.

Agency Response*

The Bureau has included tracking the time it takes to complete each step of the announced inspection process in the procedure #2013-0070 for Compliance Inspections, (Attachment #12). Further, the compliance inspection workbook has been amended to include space for tracking the time it takes for each step of the compliance inspection process (Attachment #13).

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

The bureau provided us a copy of its updated procedures for compliance inspections and has updated its compliance inspection workbook to include time tracking at each step of the announced compliance inspection process. However, the bureau did not provide evidence that its managers actively review this data on a regular basis or that this data is consolidated and analyzed to ensure that it is effectively managing its inspection of institutions.

- Auditee did not substantiate its claim of full implementation
-

Agency Response*

The Bureau has a tracking log for announced and unannounced compliance inspections. The adequacy of the log will be evaluated during the workload analysis that is currently underway by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The Bureau has a tracking log for announced and unannounced compliance inspections. The adequacy of the log will be evaluated during the workload analysis that is currently underway by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #13 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should continue its efforts to streamline its announced inspection process in order to reduce redundancies and increase efficiency.

Agency Response*

The Bureau has included a copy of the Compliance Inspection Procedures #2013-0070 as Attachment #12. The amended procedures indicate a process that currently completes announced compliance inspections in 58 days, a reduction from 291 days.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

The bureau revised its procedures for the compliance inspection process and provided some examples of compliance inspection workbooks. Thus, we are marking this recommendation as fully implemented. However, the bureau did not substantiate its claim that the new process consistently completes announced compliance inspections in 58 days. We are hopeful that the bureau's new process results in a tangible reduction in the time it takes to process inspections.

Agency Response*

The Bureau implemented new procedures in February, 2014 for a streamlined compliance inspection process. However, the process will be reviewed with the process analysis that is currently being conducted by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Agency Response*

The Bureau implemented new procedures in February, 2014 for a streamlines compliance inspection process. However, the process will be reviewed with the process analysis that is currently being conducted by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #14 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should evaluate periodically the reasonableness of the time frame it established for completing announced inspections.

Agency Response*

The Bureau is including procedure #2015-0009 for Compliance Inspection File Review as Attachment #14 which requires a periodic evaluation of the time frame required for announced compliance inspections. The Bureau is also including an updated copy of the Compliance Inspection Workbook (Attachment #13) which has been updated to include space for the analyst to include the amount of time it takes to complete each step of the process.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The new process will be evaluated in conjunction with the process improvement/workload analysis currently underway to assess the reasonableness of the timeframes. Any further changes in the process will also be reviewed for effectiveness and reasonableness. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015

- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The new process will be evaluated in conjunction with the process improvement/workload analysis currently underway to assess the reasonableness of the timeframes. Any further changes in the process will also be reviewed for effectiveness and reasonableness. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #15 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should establish procedures and time frames for its unannounced inspection process.

Agency Response*

The Bureau has included the Compliance Inspection Procedures #2013-0070 (Attachment #12) that indicates the procedures and time frames for completing unannounced compliance inspections.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The Bureau implemented new procedures in February, 2014 for a streamlined compliance inspection process. However, the process will be evaluated in conjunction with the process analysis that is currently being conducted by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Agency Response*

The Bureau implemented new procedures in February, 2014 for a streamlined compliance inspection process. However, the process will be evaluated in conjunction with the process analysis that is currently being conducted by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #16 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should establish a mechanism for tracking the amount of time it takes to complete each step of its unannounced inspection process.

Agency Response*

The Bureau has included tracking the time it takes to complete each step of the unannounced inspection process in the procedure #2013-0070 for Compliance Inspections, (Attachment #12). Further, the compliance inspection workbook has been amended to include space for tracking the time it takes for each steps of the unannounced compliance inspection process (Attachment #13).

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

The bureau has established a mechanism for tracking of each step of the process in daily increments, but it did not substantiate that its managers actively review this information on a regular basis or consolidate and analyze this information to ensure that it effectively manages the unannounced inspection process for unlicensed institutions.

- Auditee did not substantiate its claim of full implementation

Agency Response*

The Bureau has a tracking log for announced and unannounced compliance inspections. The adequacy of the log will be evaluated during the workload analysis that is currently underway by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The Bureau has tracking log for announced and unannounced compliance inspections. The adequacy of the log will be evaluated during the workload analysis that is currently underway by CPS. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #17 To: Private Postsecondary Education, Bureau for

To comply with state law and to ensure that it effectively manages its inspections of institutions, the bureau should evaluate periodically the reasonableness of the time frame it establishes for completing unannounced inspections.

Agency Response*

The Bureau is including procedure #2015-0009 for Compliance Inspection File Review as Attachment #14 which requires a periodic evaluation of the time frame required for unannounced compliance inspections. The Bureau is also including an updated copy of the Compliance Inspection Workbook (Attachment #13) which has been updated to include space for the analyst to include the amount of time it takes to complete each step of the process.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The process will be evaluated in conjunction with the process analysis. Any further changes in the process will also be reviewed for effectiveness and reasonableness. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The process will be evaluated in conjunction with the process analysis. Any further changes in the process will also be reviewed for effectiveness and reasonableness. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #18 To: Private Postsecondary Education, Bureau for

To improve the quality of its inspections and related enforcement actions, the bureau should establish policies, procedures, and training for managers that include guidance on how to review inspection files and how to document evidence of their reviews.

Agency Response*

The Bureau has included procedure #2015-0009 for Compliance Inspection File Review (Attachment #14) which includes guidance and is used in the training of managers for Compliance Inspection File Review.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Procedures are under development (July 2014) and will be reviewed along with the process analysis that is being conducted. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Procedures are under development (July 2014) and will be reviewed along with the process analysis that is being conducted. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #19 To: Private Postsecondary Education, Bureau for

To improve the quality of its inspections and related enforcement actions, the bureau should assign the task of resolving notices to comply to the inspection managers, as originally designed.

Agency Response*

Final procedures have been provided. (See Attachment # 19)

- **Response Type†:** 6-Month
- **Completion Date:** September 2014
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

This is included in the updated procedures. Completed and ongoing. This was the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Completion Date:** May 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

The Compliance Inspection Program NTC Analyst Procedures have not been finalized and are in draft form.

- Auditee did not substantiate its claim of full implementation

Recommendation #20 To: Private Postsecondary Education, Bureau for

To improve the quality of its inspections and related enforcement actions, the bureau should monitor the status of its enforcement actions such as notices to comply weekly so that it can prevent delays in meeting mandated deadlines.

Agency Response*

Bureau procedures for Compliance Inspection File Review #2015-0009 (Attachment #14) includes weekly review of notices to comply.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

This will be included in the manager procedures for NTC response as referenced in our audit response #18. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

This will be included in the manager procedures for NTC response as referenced in our audit response #18. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #21 To: Private Postsecondary Education, Bureau for

To improve the quality of its inspections and related enforcement actions, the bureau should provide additional guidance to the inspectors on the distinction between minor and material violations and the related actions inspectors should take in response to identifying these violations.

Agency Response*

Procedure #2013-0070 Compliance Inspections (Attachment #12) includes guidance on the distinction between material and minor violations. Further, training on distinguishing between minor and material violations is included in the Compliance Inspection Training Procedures (Attachment #15).

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Training and written guidance is under development. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Training and written guidance is under development. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #22 To: Private Postsecondary Education, Bureau for

To reduce its backlog of unresolved complaints involving institutions, the bureau needs to establish benchmarks and monitor them to ensure that the additional staff it requested and Consumer Affairs' complaint program staff resolve the backlog as expeditiously as possible.

Agency Response*

The Bureau is providing procedure #2013-0032 Complaint Case Handling Procedures (Attachment #16) that include processing benchmarks for complaint case handling.

- **Response Type†:** 1-Year
- **Completion Date:** February 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Partially Implemented

The bureau has not provided documentation that it has monitored its staffing level to ensure it is sufficiently staffed to reduce the backlog of unresolved complaints.

- Auditee did not address all aspects of the recommendation
-

Agency Response*

CPS's audit of the complaint process is the first priority for the process/workload analysis. This will provide solid data on the time it takes to resolve complaints. Once we know how long it actually takes to process complaints we can break the process into tasks and will be able to better hold staff accountable to specific timelines. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

CPS's audit of the complaint process is the first priority for the process/workload analysis. This will provide solid data on the time it takes to resolve complaints. Once we know how long it actually takes to process complaints we can break the process into tasks and will be able to better hold staff accountable to specific timelines. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #23 To: Private Postsecondary Education, Bureau for

To ensure that it closes complaints in a timely manner, the bureau should analyze its process and establish a reasonable time frame for resolving them.

Agency Response*

Procedure #2013-0032 Complaint Case Handling (Attachment #16) has been updated to include reasonable time frames for resolving complaints. The Bureau is including procedures #2015-0010 Complaint Investigations Manager Responsibilities (Attachment #17) which includes review of the complaint processing procedures for reasonableness.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

CPS's audit of the complaint process is the first priority for the process/workload analysis. This will provide solid data on the time it takes to resolve complaints. Once we know how long it actually takes to process complaints we can break the process into tasks and will be able to better hold staff accountable to specific timelines. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

CPS's audit of the complaint process is the first priority for the process/workload analysis. This will provide solid data on the time it takes to resolve complaints. Once we know how long it actually takes to process complaints we can break the process into tasks and will be able to better hold staff accountable to specific timelines. This is the responsibility of the Bureau Chief and the Enforcement Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #24 To: Private Postsecondary Education, Bureau for

To ensure that it closes complaints in a timely manner, the bureau should modify its policies and procedures to include the established time frame.

Agency Response*

The procedure #2013-0032 for Complaint Case Handling (Attachment # 16) has been updated to include reasonable time frames for resolving complaints.

- **Response Type†:** 1-Year
- **Completion Date:** February 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Once the CPS process analysis is complete the procedures will be updated and will include the established timeframes for completion. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Once the CPS process analysis is complete the procedures will be updated and will include the established timeframes for completion. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #25 To: Private Postsecondary Education, Bureau for

To ensure that it closes complaints in a timely manner, the bureau should ensure that its staff adhere to the established time frame.

Agency Response*

Procedures #2015-0010 Complaint Investigations Manager Responsibilities (Attachment #17) includes monitoring staff workload.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Once the CPS process analysis is complete the procedures will be updated and will include the established timeframes for completion. All staff will be held accountable for meeting the established timeframes. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

Once the CPS process analysis is complete the procedures will be updated and will include the established timeframes for completion. All staff will be held accountable for meeting the established timeframes. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #26 To: Private Postsecondary Education, Bureau for

To address issues that pose the most serious potential risk to, students, the bureau should ensure that staff follow its policies and, procedures for prioritizing complaints and identify the urgent, and high priority cases on the complaint log. In addition, the bureau, needs to establish a process for reviewing its staffs determination, of the priority of complaints and for tracking the priority levels.

Agency Response*

The Bureau has included procedure #2015-0011 Complaint Prioritization Methodology as Attachment #19. The Bureau is including an example of the Complaint Process and Prioritization Spreadsheet (Attachment #18). Utilizing this process will apply a quantitative element to complaint prioritization and reduce guesswork by staff.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The procedures for prioritization of complaints have been drafted and the Bureau is in the process of review and editing. Further, the Bureau will work in conjunction with CPS to modify the procedures for best practices. The Enforcement Manager will be assigning the priority of complaints as the procedures are reviewed. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Agency Response*

The procedures for prioritization of complaints have been drafted and the Bureau is in the process of review and editing. Further, the Bureau will work in conjunction with CPS to modify the procedures for best practices. The Enforcement Manager will be assigning the priority of complaints as the procedures are reviewed. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** May 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #27 To: Private Postsecondary Education, Bureau for

To ensure that staff identify and obtain sufficient evidence before closing complaints, the bureau should continue to work with Consumer Affairs to establish an investigative training program.

Agency Response*

The training program has been developed and provided. Approved training requests for the upcoming Enforcement Academy have been provided. (See Attachment #27)

- **Response Type†:** 6-Month
- **Completion Date:** September 2014
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

A new training program and curriculum is being piloted and will be monitored through the pilot phase in order to amend as necessary. Meanwhile, the Bureau has requested 16 spaces in the next DCA Enforcement Academy. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Completion Date:** May 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

The bureau did not provide the specific details related to the new training program and curriculum it is piloting or evidence of its request for employees to attend the next Consumer Affairs enforcement academy.

- Auditee did not substantiate its claim of full implementation

Recommendation #28 To: Private Postsecondary Education, Bureau for

To ensure that institutions provide prospective students with accurate data in their fact sheets and annual reports, the bureau should immediately direct its staff to review and retain documentation supporting the fact sheets during on-site inspections.

Agency Response*

Final procedures have been provided. (See Attachment #28)

- **Response Type†:** 6-Month
- **Completion Date:** September 2014
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Procedures have been updated to specifically include maintaining documentation requested to verify data on performance fact sheets. This was the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Completion Date:** May 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Partially Implemented

The bureau's procedures are not finalized and are in draft form.

- Auditee did not substantiate its claim of full implementation

Recommendation #29 To: Private Postsecondary Education, Bureau for

To ensure that institutions provide prospective students with accurate data in their fact sheets and annual reports, the bureau should immediately train its staff how to calculate correctly the uniform data the institutions are to report in their annual reports and fact sheets in accordance with state law and regulations.

Agency Response*

The Bureau is including a copy of the School Performance Fact Sheet Training as Attachment #20. This training was provided to all staff in December of 2014 and will be used on an ongoing basis for new staff.

- **Response Type†:** 1-Year
- **Completion Date:** February 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

Procedures for reviewing performance fact sheets and annual reports are in the final review stage and staff training will be scheduled as soon as the procedures are complete. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** January 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Agency Response*

Procedures for reviewing performance fact sheets and annual reports are in the final review stage and staff training will be scheduled as soon as the procedures are completed. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** June 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #30 To: Private Postsecondary Education, Bureau for

To ensure that institutions provide prospective students with accurate data in their fact sheets and annual reports, the bureau should immediately improve its outreach and education efforts to institutions to ensure that the institutions comply with all applicable disclosure requirements.

Agency Response*

The Bureau has conducted several workshops since July 2014 with institutions to assist them in completing their applications. Workshops were held on 7/22, 8/5, 8/9 and 9/16. Three workshops were held in northern California and one in southern. The future plan is to hold them once a month and alternate northern and southern locations. (See Attachments #30 and 30.1)

- **Response Type†:** 6-Month
- **Completion Date:** September 2014
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The Bureau is creating workshops for institutions that address how to comply with the Act and Regulations. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** July 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #31 To: Private Postsecondary Education, Bureau for

To process recovery fund claims within its 90-day goal, the bureau needs to track the information that will allow it to identify which steps in the process result in delays. When it identifies the delays in the process, the bureau should take steps to address them.

Agency Response*

Procedure #2013-0034 Student Tuition Recovery Fund Procedures is being included as Attachment #21. The procedures address the identified delays.

- **Response Type†:** 1-Year
- **Completion Date:** March 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The CPS process analysis includes review of the STRF claim process to identify processing delays. This is the responsibility of the Bureau Chief.

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The CPS process analysis includes review of the STRF claim process to identify processing delays. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #32 To: Private Postsecondary Education, Bureau for

To reduce the available balance in the recovery fund below the statutory limit of \$25 million, the bureau should continue its plans to address the collection of the recovery fund assessment.

Agency Response*

The Bureau is including a copy of the regulatory language that went into effect on January 1, 2015 reducing the STRF assessment to \$0.00 as Attachment #22.

- **Response Type†:** 1-Year
- **Completion Date:** January 2015
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The Bureau is continuing to work with DCA Legal to draft regulations to suspend collection of STRF payments. Senate Bill 1247 would make significant changes to STRF. The bill would require, among other changes, the Bureau resume collecting STRF when the fund falls below \$20 million and would allow STRF claims despite an institution not having paid any STRF assessment. (See Attachment #12,p4)

- **Response Type†:** 6-Month
- **Estimated Completion Date:** November 2014
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Pending

Agency Response*

The Bureau is working with DCA Legal to draft regulations to suspend collection of STRF payments. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** August 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation #33 To: Private Postsecondary Education, Bureau for

The bureau should implement and enforce policies, procedures, and sanctions to ensure that institutions submit to the bureau the recovery fund assessments that they collect from students so that the institutions are not unjustly enriched.

Agency Response*

Procedure #2014-0011 STRF Delinquent Invoice Notice is included as Attachment #23. The procedures include follow-up with institutions that don't submit STRF assessment forms timely.

- **Response Type†:** 1-Year
- **Completion Date:** October 2014
- **Response Date:** March 2015

California State Auditor's Assessment of Status: Fully Implemented

Agency Response*

The Bureau began a new process in August 2014. Under the new process, the Bureau sent STRF delinquent letters to all institutions that had not paid their quarterly assessment. The Bureau is working on draft procedures to ensure this process continues on a quarterly basis. (See Attachment #33)

- **Response Type†:** 6-Month
- **Estimated Completion Date:** March 2015
- **Response Date:** September 2014

California State Auditor's Assessment of Status: Partially Implemented

Agency Response*

The Bureau is beginning to draft procedures for better monitoring of STRF payments. The procedures will include requesting a report of institutional STRF payments and referral to enforcement for those institutions that have not paid. This is the responsibility of the Bureau Chief.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** July 2014
- **Response Date:** May 2014

California State Auditor's Assessment of Status: Pending

Recommendation for Legislative Action

Although we did not make specific recommendations to the Legislature, we provided a variety of options for the Legislature to consider in Chapter 3 of our report. In this section, we will provide periodic updates of what, if any, action the Legislature takes to address the State's continuous struggle with regulating private postsecondary education.

All Recommendations in 2013-045

†**Response Type** refers to the interval in which the auditee is providing the State Auditor with their status in implementing recommendations made in an audit report. Auditees must submit a response regarding their progress in implementing recommendations from our reports at three intervals from the release of the report: 60 days, six months, and one year or subsequent to one year.

*Agency responses received after June 2013 are posted verbatim.