



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES  
Dallas Audit Region

September 26, 2013

Dr. Tim Hudson  
Chancellor  
Arkansas State University  
P.O. Box 600  
State University, AR 72404

Dear Dr. Hudson:

This **Final Audit Report**, “Arkansas State University’s Administration of Selected Aspects of the Title IV Programs” presents the results of our audit. The purposes of the audit were to (1) evaluate Arkansas State University’s (ASU) default prevention and management, (2) determine the accuracy of selected information ASU reported to the Integrated Postsecondary Education Data System (IPEDS), (3) evaluate ASU’s quantitative satisfactory academic progress measures, and (4) evaluate the accuracy of selected consumer information provided by ASU on its Web site. Our audit covered ASU’s default prevention and management from October 1, 2006, through September 30, 2012; IPEDS data reported for academic years 2009–2010 and 2010–2011; and data provided on ASU’s Web site on September 7, 2012, and February 5, 2013. We determined that (1) ASU’s default prevention and management to address its rising cohort default rate was reasonable; (2) selected information ASU reported to IPEDS was accurate; and (3) ASU properly measured quantitative satisfactory academic progress for students. However, we found that ASU did not provide employment and continuing education data for all degree and certificate programs, provided unsupported job placement rates, and provided inaccurate graduation data on its Web site for students who graduated in academic years 2008–2009 and 2009–2010.

In response to the draft of this report, ASU agreed with the finding and recommendations. In addition, ASU described the corrective actions that it has already initiated and those that they plan to initiate to address our recommendations. See Attachment 2 for the full text of the comments.

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## BACKGROUND

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ASU is a 4-year public university founded in 1909 and located in Jonesboro, Arkansas, with additional locations throughout the State. ASU is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (Higher Learning Commission). ASU also has programs that are separately accredited by specialized accrediting agencies. ASU is

composed of the following ten colleges: Agriculture and Technology, Business, Communications, Education, Engineering, Fine Arts, Humanities and Social Sciences, Nursing and Health Professions, Sciences and Mathematics, and University College. ASU offers a range of degree programs leading to an associate's, bachelor's, master's, specialist, or doctoral degrees. ASU has been approved by the Higher Learning Commission to offer classes for all of its degree programs through distance education and offers more than 200 classes online. ASU offers several fully online degree programs. ASU had 13,877 undergraduate and graduate students enrolled in the fall of 2012 and has a 19:1 student/teacher ratio.

For award years 2009–2010 through 2011–2012, ASU participated in the following Federal student assistance programs (Title IV programs): Federal Family Education Loan (FFEL),<sup>1</sup> William D. Ford Federal Direct Loan (Federal Direct Loan), Federal Pell Grant, Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent Grant, Teacher Education Assistance for College and Higher Education Grant,<sup>2</sup> Federal Supplemental Education Opportunity Grant, and Federal Work-Study. See Table 1 for a distribution of funding.

**Table 1: Title IV Funding**

<b>Award Year</b>	<b>Federal Student Loans<sup>a</sup></b>	<b>Federal Pell Grant</b>	<b>Other Title IV<sup>b</sup></b>	<b>Total Title IV</b>
2011–2012	\$83,966,027	\$28,192,443	\$1,742,186	\$113,900,656
2010–2011	\$77,355,105	\$30,701,799	\$1,829,682	\$109,886,586
2009–2010	\$78,687,932	\$28,433,799	\$1,969,651	\$109,091,382
<b>Total</b>	<b>\$240,009,064</b>	<b>\$87,328,041</b>	<b>\$5,541,519</b>	<b>\$332,878,624</b>

<sup>a</sup> The Federal Student Loans amounts included the four types of FFEL and Federal Direct Student Loans (Subsidized, Unsubsidized, PLUS, and Graduate and Professional PLUS).

<sup>b</sup> Other Title IV amounts included the Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent, Federal Supplemental Education Opportunity Grant, and Federal Work-Study.

As a condition of Title IV eligibility, an institution agrees to comply with the standards of administrative capability, which include having a cohort default rate below certain thresholds and establishing, publishing, and applying reasonable standards for measuring whether a student is maintaining satisfactory academic progress (34 C.F.R. §§ 668.14(b)(6), 668.16(e), 668.16(m)). Additionally, institutions agree to annually report data to the U.S. Department of Education (Department) through IPEDS and to report and disclose to students required consumer information (34 C.F.R. §§ 668.14(b)(9), 668.14(b)(19); 34 C.F.R. § 668 Subpart D). IPEDS is a system of interrelated surveys conducted annually by the Department's National Center for Education Statistics (NCES).

<sup>1</sup> The SAFRA Act, part of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152), mandated that no new loans be made or insured under the FFEL program after June 30, 2010,

<sup>2</sup> ASU did not participate in the Federal grant programs of Academic Competitiveness and National Science and Mathematics Access to Retain Talent in FY 2011–2012. ASU only participated in the Teacher Education Assistance for College and Higher Education grant program in FY 2011–2012.<sup>2</sup>

## Cohort Default Rates and Preventing and Managing Loan Defaults

The Department annually issues official CDRs for all Title IV participating institutions. ASU's cohort default rates for FYs 2007 through 2010 are presented below in Table 2.

**Table 2: Two-Year Cohort Default Rates FY 2007 through 2010**

	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Default Rate	8.2%	10.7%	13.3%	13.5%
Number in Default	317	408	506	569
Number in Repayment	3,862	3,787	3,795	4284

To help minimize defaults on student loans, institutions may implement a default prevention and management plan, which is designed to reduce delinquency and default. Under certain conditions, the Department may require institutions to implement a default prevention and management plan. During our audit period, the Department did not require ASU to implement a default prevention and management plan.

For institutions that are not required to implement a default prevention and management plan, the Department strongly recommends the institutions consider implementing some or all of the nonregulatory measures listed in the Department's sample default prevention and management plan. The Department's sample plan includes the following six nonregulatory activities:

- financial literacy for borrowers,
- communication across campus,
- National Student Loan Data System date entered repayment report,
- late stage delinquency assistance,
- loan record detail report data review, and
- analyze defaulted loan data to identify defaulter characteristics.

## Reporting Required Information to the Department

Institutions that participate in the Title IV programs are required to report data on enrollments, program completion, graduation rates, faculty and staff, finances, institutional prices, and student financial assistance. All institutions that participate in or apply to participate in the Title IV programs are required to annually submit timely and accurate data by completing all surveys in IPEDS. The IPEDS data are available to students and parents through the NCES College Navigator Web site (located at <http://nces.ed.gov/collegenavigator>) and to researchers and others through the IPEDS Data Center.

The overall graduation rate in IPEDS tracks the progress of students who began their studies as full-time, first-time degree- or certificate-seeking students to see if they complete a degree or other award such as a certificate within 150 percent of "normal time" for completing the program in which they are enrolled. Based on the fall 2005 cohort, ASU's graduation and retention rates for 6 years are presented below in Table 3.

**Table 3: Graduation and Retention Rates (Fall 2005 Cohort)**

	<b>Beginning Fall Semester</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Number Enrolled	1,491	1,290	823	706	392	146
Percent Returned	-	86.5%	55.2%	47.4%	26.3%	9.8%
Number Graduated	-	-	19	314	518	599
Graduation Rate	-	-	1.3%	21.1%	34.7%	40.2%

### **Monitoring Satisfactory Academic Progress**

Students who receive Federal student assistance must complete their programs in a period of time that is no longer than 150 percent of the published length of their programs. According to 34 C.F.R. § 668.34(a), the school must establish a reasonable satisfactory academic progress policy for determining whether otherwise eligible students are making satisfactory academic progress and may continue to receive Title IV financial assistance. Among other requirements, the Secretary considers the policy to be reasonable if the policy specifies the pace at which the students must progress through their programs to ensure that they will complete them within the maximum time frame.

### **Providing Required Consumer Information to Current and Prospective Students**

Title IV participating institutions are required to disseminate specific consumer information to current and prospective students, including but not limited to:

- financial assistance available to students,
- institutional information,
- institution's retention rate as reported to IPEDS,
- institution's completion or graduation rate,
- types of graduate and professional education in which graduates of the institution's 4-year degree programs enroll, and
- placement of and types of employment obtained by the institution's graduates.

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## AUDIT RESULTS

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The objectives of our audit were to (1) evaluate ASU's default prevention and management, (2) determine the accuracy of selected information ASU reported to IPEDS, (3) evaluate ASU's quantitative satisfactory academic progress measures, and (4) evaluate the accuracy of selected consumer information provided by ASU on its Web site.

We evaluated ASU's default prevention and management and concluded that its default prevention and management actions were reasonable. ASU has taken several actions to address its increasing cohort default rate. Specifically, ASU developed and implemented a default prevention and management plan that they will continue to develop and adjust as needed. ASU hired a staff person who is responsible for coordinating with the Department and the Arkansas guarantee agency and sending letters to former students that are 150 to 240 days delinquent and at risk of defaulting on their loans. The letters encourage the students to make payments and provide information concerning their options to avoid default. ASU also informed us that it increased the minimum test scores it requires students to have for admission to address its increasing cohort default rate.

We further determined that ASU's 2009–2010 and 2010–2011 graduation and retention data as well as instructional expenses per full-time equivalent data reported to IPEDS were accurate. We also evaluated ASU's quantitative satisfactory academic progress measures for 2009–2010 and 2010–2011 and concluded that the measures were in compliance with quantitative standards.

We evaluated the accuracy of consumer information ASU provided on its Web site, including Federal student assistance statements, employment data, job placement rates, and graduation data. We determined that for students graduating in academic years 2008–2009 and 2009–2010, ASU did not provide employment and continuing education data, provided unsupported job placement rates, and provided inaccurate graduation data.

ASU concurred with our finding and recommendations and described the corrective actions that it has initiated and those it plans to initiate to address our recommendations. See the full text of their comments as Attachment 2.

**FINDING: ASU Did Not Provide Employment and Continuing Education Data, Provided Unsupported Job Placement Rates, and Reported Inaccurate Graduation Data on its Web Site**

ASU did not provide employment and continuing education data of students graduating from 6 of its 10 colleges in the 2008–2009 academic year and did not provide employment and continuing education data of students graduating from 8 of its 10 colleges in the 2009–2010 academic year. In addition, ASU provided unsupported job placement rates for four colleges for the 2008–2009 academic year and for two colleges for the 2009–2010 academic year on its Web site. Although ASU reported its graduation data accurately through IPEDS, we found that ASU reported

inaccurate graduation data on its Web site for undergraduate students who received degrees in academic year 2008–2009 for 4 of its 10 colleges. We also identified minor graduation data inaccuracies for academic year 2009–2010.

#### ASU Did Not Provide Employment Data and Continuing Education Data for Some Colleges on its Web Site

Institutions are required by 34 C.F.R. § 668.41(d)(5) to make available to enrolled or prospective students information concerning the placement of and types of employment obtained by graduates of its degree or certificate programs. Institutions are required by 34 C.F.R. § 668.41(d)(6) to make available to enrolled or prospective students information on graduate and professional education programs that students enroll in after they graduate from the institution's 4-year degree programs. For both the employment and continuing education information, the institution must identify the source of the information provided as well as any time frames and methodology associated with it. An institution is required by 34 C.F.R. § 668.24(a)(3) to maintain documentation that its administration of the Title IV programs is in compliance with all applicable requirements.

ASU did not comply with 34 C.F.R. §§ 668.41(d)(5) and (6) for data reported for academic year 2008–2009. Specifically, ASU did not provide employment and continuing education data of students graduating from 6 of its 10 colleges<sup>3</sup> on its Web site. ASU used its Web site as the sole means for disseminating employment and continuing education data for academic years 2008–2009 and 2009–2010. ASU relied on the individual colleges to provide employment and continuing education data; however, only four of ASU's colleges provided employment data and only two of the four colleges provided continuing education data. For example, ASU's College of Business and College of Communications provided employment data that included the employers of the graduates that reported employment and listed whether the graduates were planning to enroll in or were enrolled in a graduate program or continuing their education. However, ASU's College of Engineering and College of Agriculture and Technology provided employment data, but did not include continuing education information for the graduates.

ASU did not comply with 34 C.F.R. §§ 668.41(d)(5) and (6) for data reported for academic year 2009–2010. Specifically, ASU did not provide employment and continuing education data of students graduating from 8 of its 10 colleges on its Web site. Only two of ASU's colleges provided employment data for ASU's Web site: the College of Communications and the College of Nursing. For its graduates, the College of Communications listed the employers, position titles, and the graduate schools attended for graduates who were continuing their education at ASU and three other universities. For its graduates, the College of Nursing reported the number of graduates who were employed or had continued their education. However, the College of Nursing did not provide the same level of detailed information as the College of Communications because its submission did not include employment data such as employers or types of jobs.

For both academic years (2008–2009 and 2009–2010), ASU officials stated that reported employment and continuing education data were based on returned graduate surveys. ASU

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<sup>3</sup> The six colleges that did not provide employment and continuing education data were Education, Fine Arts, Humanities and Social Sciences, Nursing and Health Professions, Sciences and Mathematics, and University College.

disclosed such employment and continuing education data that it obtained from its Colleges on its Web site; however, ASU did not maintain documentation to support that data, as required by 34 C.F.R. § 668.24(a)(3).

#### ASU Provided Unsupported Job Placement Rates on its Web Site

Institutions are not required to calculate job placement rates, but institutions must disclose all rates that they choose to calculate (34 C.F.R. § 668.41(d)(5)(iii)). Also, the institution must disclose the source of the information provided, as well as any time frames and methodology associated with it (34 C.F.R. § 668.41(d)(5)(ii)). An institution is required by 34 C.F.R. § 668.24(a)(3) to maintain documentation that its administration of the Title IV programs is in compliance with all applicable requirements.

ASU did not comply with 34 C.F.R. § 668.24(a)(3) to maintain documentation when it provided on its Web site unsupported job placement rates for students who graduated in the 2008–2009 and 2009–2010 academic years. ASU provided job placement rates on its Web site for students graduating from 4 of its 10 colleges (College of Business, College of Communications, College of Engineering, and College of Agriculture and Technology) in the 2008–2009 academic year and provided job placement rates for 2 of its 10 colleges (College of Nursing and College of Communications) in the 2009–2010 academic year. For both academic years, ASU calculated job placement rates based on returned graduate surveys and disclosed those rates on its Web site. However, ASU did not maintain copies of the surveys sent by the individual colleges, a list of the graduates who were provided the surveys, or the survey responses of the graduates who responded to the surveys. Rather, for supporting documentation, ASU maintained a one-page summary from the four colleges for academic year 2008–2009 and from the two colleges for academic year 2009–2010 that reported a job placement rate. Furthermore, ASU did not always disclose (1) the source of the job placement data, (2) the time frames of the job placement data, or (3) the methodology associated with calculating the job placement rates, as required by 34 C.F.R. § 668.41(d)(5)(ii).

Additionally, ASU reported inaccurate job placement data. In February 2013, we noted that ASU posted on its “Quick Facts” Web page that 99 percent of students registered with ASU’s Career Management Center found employment within a year of graduation. According to ASU’s Associate Vice Chancellor for Student Affairs, the information posted on its “Quick Facts” Web page was “not true.” ASU removed the information after we brought it to the institution’s attention.

#### ASU Reported Inaccurate Graduation Data on its Web Site

Institutions are also required to disseminate to prospective and enrolled students accurate information including the completion or graduation rate of full-time undergraduates (Higher Education Act of 1965, as amended (HEA), § 485(a)(1) and § 485(a)(1)(L)).

ASU was not in compliance with the HEA when it reported inaccurate graduation data on its Web site for undergraduate students who received degrees from 4 of its 10 colleges<sup>4</sup> for academic year 2008–2009 and from 3 of its 10 colleges<sup>5</sup> for academic year 2009–2010. ASU’s Assistant Registrar provided us with the number of graduates from each college for each year. We compared the number of graduates to the number provided on ASU’s Web site and found that the graduation data reported on the Web site were inaccurate. Based on our comparison, we determined that the graduation data on ASU’s Web site for the cohort who received degrees in the 2008–2009 year were inaccurate for four ASU’s colleges. Three of the 4 ASU’s colleges understated the number of graduates and one college overstated the number of graduates. For example, the Registrar’s Office reported that 287 students earned an undergraduate degree from the College of Business in the 2008–2009 academic year. However, ASU’s Web site stated that 121 students earned an undergraduate degree from that college in that academic year, which means it underreported the amount of graduates by 166 students (58 percent). Similarly, the ASU Web site underreported College of Agriculture and Technology graduates by 13 students (14 percent) and College of Communication graduates by 24 students (28 percent). The Web site also overreported College of Engineering graduates by 20 students (36 percent). We also determined that the graduation data on ASU’s Web site for the cohort who received degrees in the 2009–2010 year were inaccurate for three colleges. However, the data were only off by one student for each of the three colleges. ASU officials could not explain the difference in the number of graduates reported on the Web site and the number of graduates the Registrar’s office provided us.

We recommend the Chief Operating Officer for Federal Student Aid require ASU to establish policy and procedures to—

- 1.1 Make available employment and continuing education data to enrolled or prospective students for all colleges.
- 1.2 Collect, maintain, and verify the accuracy of documentation to support required disclosures of employment and continuing education data, job placement rates, and graduation data reported on its Web site or by other means of dissemination.
- 1.3 Ensure that any required job placement rate disclosures include the required disclosures of the source, time frames, and methodology associated with job placement rate.

### **ASU Comments**

ASU concurred with the finding and all of our recommendations and described the corrective actions that it has initiated and those it plans to initiate to address our recommendations.

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<sup>4</sup> The four colleges that reported inaccurate graduation data for academic year 2008–2009 were Agriculture and Technology, Business, Communications, and Engineering.

<sup>5</sup> The three colleges that reported inaccurate graduation data for academic year 2009–2010 were Business, Education, and Humanities.



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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The objectives of our audit were to (1) evaluate ASU's default prevention and management; (2) determine the accuracy of selected information ASU reported to IPEDS; (3) evaluate ASU's quantitative satisfactory academic progress measures for students; and (4) evaluate the accuracy of selected consumer information ASU provided on its Web site. Our audit scope covered the fiscal years ending September 30, 2007 through 2012 for default prevention and management; academic years 2009–2010 and 2010–2011 for reported IPEDS data and satisfactory academic progress; and the data on ASU's Web site on September 7, 2012, before the entrance conference, and again before the exit conference on February 5, 2013, during our fieldwork phase.

To accomplish our objectives, we performed the following procedures.

- Reviewed relevant sections of the Higher Education Act of 1965, as amended, and Federal regulations.
- Reviewed relevant sections of the Federal Student Aid handbook 2009–2010, IPEDS New Keyholder Guide 2012–2013, and Cohort Default Rate Guide, Revised November 2011.
- Evaluated ASU's policies and procedures for Title IV processes related to our audit objectives for disbursement of Federal student aid based on quantitative satisfactory academic progress measures, tracking of academic requirements, evaluation of satisfactory academic progress measures, and for obtaining and reporting IPEDS data for graduation, retention, and instructional expenses per full-time equivalent and consumer information on its Web site.
- Assessed ASU's internal controls for default management and prevention, collecting and reporting data for IPEDS, quantitative satisfactory academic progress measures, and publishing consumer information on its Web site.
- Reviewed ASU's default prevention and management and the actions taken to reduce loan defaults.
- Reviewed ASU's Web site and its Undergraduate and Graduate bulletins to identify ASU's communication of required consumer information including Federal student aid statements, employment data, job placement rates, and graduation data.
- Reviewed randomly selected samples of students to test the reliability of data and to determine whether ASU was consistent in its satisfactory academic progress methodology for students receiving and not receiving financial aid.

We relied on computer-processed student data from the Department's National Student Loan Data System and IPEDS as well as from ASU's Banner software. Banner is a software application developed specifically for higher education institutions. ASU converted its computer system over to the Banner software for the fall 2006 semester. We assessed the reliability of the data ASU provided for the first three audit objectives by (1) interviewing ASU officials knowledgeable of the data, (2) performing testing for completeness by comparing ASU's data to the National Student Loan Data System and IPEDS, and (3) reviewing existing information about the data and the Banner system that produced them for accuracy. We did not rely on computer-processed data for the fourth objective.

For audit objective 2, ASU provided two databases of student records for its fall 2004 and fall 2005 first time freshmen attending ASU full time. The two databases of students made up the initial cohorts for academic years 2009–2010 and 2010–2011 graduation data reported by ASU to IPEDS. Since the two years of graduation data started with fall 2004 and 2005 enrollment data, we also used the enrollment data to address our audit objective 3 (satisfactory academic progress measures). We compared the databases' totals to the totals of 1,373 and 1,576 students that ASU reported in IPEDS as its 2009–2010 and 2010–2011 graduation universes. We noted minor discrepancies between the totals of 5 and 8 students respectively and determined the 13 students (0.44 percent) of the 2,949 students in our 2 universes to be immaterial for our audit purposes.

Once we determined that ASU provided a complete universe for audit objectives 2 and 3, we randomly selected 25 students from the 2009–2010 graduation data and 25 students from the 2010–2011 graduation data. For the sampled students, we verified graduate or nongraduate status and compliance with satisfactory academic progress measures from fall 2004 through summer 2010 for the 25 students in the 2009–2010 graduation data and from fall 2005 through summer 2011 for the 25 students in the 2010–2011 graduation data. We reviewed college transcripts to ensure ASU reported the graduate and nongraduate status. We reviewed aid given to the sampled students to ensure ASU stopped disbursing aid to students who exceeded 150 percent of the program length.

In addition, ASU provided four databases of student records for its fall 2009 and fall 2010 first-time freshmen attending ASU seeking a bachelor's degree, two databases were full-time students and two databases were part-time students. The databases of students that made up the academic years 2009–2010 and 2010–2011 retention data reported by ASU to IPEDS. We compared the databases' totals to the totals that ASU reported in IPEDS as its 2009–2010 and 2010–2011 retention universes. We also reviewed ASU's policies and procedures for creating the two databases and the actual process for the years included in our review. Based on this testing, we determined that the graduation and retention universes ASU provided to be complete. We then randomly selected 100 full-time students and 20 part-time students to verify that the students returned to ASU the next fall.

Our sample universes and sample sizes by audit objective are presented below in Table 4.

**Table 4: Sample Universes and Sample Sizes Data Reliability Testing  
for Audit Objectives 2 and 3**

	<b>Sample Universe</b>	<b>Sample Size</b>
<b>Audit Objective 2 and 3:</b>		
2009–2010 Graduation Rate and Satisfactory Academic Progress Measures	1373	25
2010–2011 Graduation Rate and Satisfactory Academic Progress Measures	1576	25
<b>Audit Objective 2:</b>		
2009–2010 Full-Time Retention Rate	1650	50
2010–2011 Full-Time Retention Rate	1665	50
2009–2010 Part-Time Retention Rate	75	10
2010–2011 Part-Time Retention Rate	51	10

We selected six random samples, each from a separate list of students as shown in Table 4. The separate student lists were sorted by either social security number or student identification number and then each student was assigned a new consecutive sequence number. We then used a computer software program to generate a list of random numbers spanning the list size so that each student's sequence number had a chance of selection. We selected the first 10, 25, or 50 random numbers and selected the corresponding student whose sequence number matched the random number. While the samples of students were selected with a random process, the sample sizes varied between samples based on auditor judgment. We did not consider these to be probability samples and the results should not be projected over the entire population.

We conducted onsite visits at ASU during the weeks of September 24, 2012, and November 26, 2012. We held an exit conference with ASU on February 27, 2013, to discuss the results of the audit. We conducted our audit work from September 2012 through June 2013.

During our audit work, we assessed ASU's internal controls and performed limited testing of the internal controls. For the fourth objective, we noted internal control weaknesses because ASU did not have control activities in place to ensure the accuracy of the data on its Web site. We also noted an internal control weakness in information and communication because the graduate survey supporting documentation was not maintained and unavailable.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

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## ADMINISTRATIVE MATTERS

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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.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this audit:

James W. Runcie  
Chief Operating Officer  
Office of Federal Student Aid  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, D.C. 20202

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be appreciated.

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

Sincerely,

Keith M. Maddox /s/  
Regional Inspector General of Audit

Attachment(s)

## **Attachment 1: Abbreviations, Acronyms, and Short Forms Used in This Report**

ASU	Arkansas State University
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
FFEL	Federal Family Education Loan
FY	Fiscal Year
HEA	Higher Education Act of 1965, as amended
IPEDS	Integrated Postsecondary Education Data System
NCES	National Center for Education Statistics

## Attachment 2: ASU Comments



OFFICE OF THE CHANCELLOR  
P.O. Box 600, State University, AR 72467 | o: 870-972-3030 | f: 870-972-3465

July 30, 2013

Mr. Keith Maddox  
Regional Inspector General of Audit  
1999 Bryan Street  
Dallas, TX 75201

RE: Control Number ED-OIG/A06M0013

Dear Mr. Maddox:

Please find attached the response to the audit work performed at Arkansas State University from September 2012 through June 2013. The audit addressed several areas of Arkansas State University and its compliance with federal regulations, including default prevention and management, accuracy of selected information reported to the Integrated Postsecondary Education Data System (IPEDS), evaluation of ASU's quantitative satisfactory academic progress policy, and evaluation of selected consumer information provided by ASU on our web site.

According to the response the only items that were cited in the final Draft Audit Report of Arkansas State University was the failure to provide employment and continuing education data for all degree and certificate programs, unsupported job placement rates, and provided inaccurate graduation data on its web site for students that graduated in academic years 2008-2009 and 2009-2010. Specifically, the finding reads as follows; ASU did not provide employment and continuing education data, provided unsupported job placement rate and reported inaccurate graduation data on its web site.

We concur with these findings and offer the attached response to the corrective actions that are already underway at the university and the actions that will be undertaken in the future to correct these issues.

Please feel free to contact our staff if any additional information is needed. We appreciate your comments in helping make Arkansas State University a better university.

Sincerely,

Tim Hudson, Ph.D. /s/  
Chancellor

TH:slj

xc: Dr. Rick Stripling, Vice Chancellor for Student Affairs  
Mr. Terry Finney, Director of Student Financial Aid and Scholarships

Keith M. Maddox  
Regional Inspector General of Audit  
1999 Bryan Street  
Dallas, Texas 75201

RE: Control Number ED-OIG/A06M0013

Dear Regional Inspector General Maddox;

In regards to the Draft Audit Report, “Arkansas State University’s Administration of Selected Aspects of the Title IV Programs” results of your audit, we concur with your specific finding and will comply with your recommendations. This letter will address actions already taken and future plans to address the corrective action and recommendations:

**FINDING NO. 1: ASU Did Not Provide Employment and Continuing Education Data, Provided Unsupported Job Placement Rates, and Reported Inaccurate Graduation Data on its Web Site**

**Action taken:**

In regards to the posting in February 2013 on the “Quick Facts” “web page reporting 99 percent of student registered with ASU’s Career Management Center found employment within a year of graduation”, as soon as we were notified of that posting by your staff, the information was taken down within the hour. ASU had launched a new web look for the campus and one of the web designers had pulled that information from a source more than 6 years old and placed it there without contacting anyone for permission or notification. The information was pulled six years ago when it was discovered for the same reason. It was incorrect.

When we were notified of your preliminary results of the audit in March, on March 25, 2013, an email message was sent to all deans, provost and vice chancellor for Academic Affairs, and the director of Career Services to withdraw all data from all web pages pertaining to employment and continuing education data (see “Attachment A”).<sup>6</sup> The only piece of information remaining on any web sites is a “Graduate & Professional Education Placement for ASU Graduates-Fall 2011” obtained from the Arkansas Department of Higher Education (Attachment D). The information can be viewed at the following locations on the web: Consumer Information, Right to Know, and Career Services.

**Future Action**

A committee was formed in March to develop a survey that could be used by all colleges and Career Services to obtain the graduation and employment data as required. The criteria (34 C.F.R. 668.41(d) (5) and (6), and 34 C.F.R. 668.24(a) (3)) were provided to the committee to assist in the development of an instrument(s) and procedure for obtaining and providing required information.

ASU conducts graduation ceremonies in May, August and December. Employment and Continuing Education information will be obtained through 2 methods. 1. A pre-graduation survey

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<sup>6</sup> ASU provided several Attachments (A-E) with its letter. These attachments will be made available upon request.

(Attachment B - Senior Exit Survey, pages 10 and 11 of document house employment and continuing education sections) will be distributed prior to each graduation ceremony at the time the prospective graduates will be picking up their caps and gowns for graduation. A professional staff member from Career Services, along with a student worker from the Assessment department, will administer the pre-graduation survey at an adjacent table to the cap and gown table. The cap and gown table is operated for three days. Staff will be assigned to the table to administer the pre-graduation survey at all times for those three days that the cap and gown table is open. With the aid of the student information system, self-reported information can be extracted according to demographics within the system such as college, major, sex, ethnicity, etc.

Ninety days after each graduation ceremony, a post-graduation survey (Arkansas State University Graduate Survey) will be emailed to all graduates of the previous graduation whether they completed the pre-graduation survey or not (Attachment C – Post Graduation Survey). This survey will provide an updated employment and continuing education look at the graduates 90 days past their graduation with self-reporting information.

The data from the surveys (pre and post graduation surveys) will be collected and analyzed by the Assessment Office of Arkansas State University according to the criteria of the federal statutes. Using one central office to collect and disseminate the information will reduce the possibility of error of reporting associated with individual colleges and departments doing their individual things. Summarized information for graduation will be displayed on the Consumer Information, Right to Know, and Career Services departments' web links. The ASU colleges and departments web sites will be monitored to make sure any information being presented is in accordance with the federal guidelines: 34 C.F.R. 668.41(d)(5) and (6); 34 C.F.R. 668.24(a)(3); HEA 485(a)(1); HEA 485(a)(1)(L); and 34 C.F.R. 668.41(d)(5)(iii) and (ii).

It is our belief and hope that these actions will allow ASU to 1. Make available employment and continuing education data to enrolled or prospective students for all colleges; 2. Allow us to collect, maintain, and verify the accuracy of documentation to support disclosures of employment and continuing education data, job placement rates, and graduation data reported on our web sites and via other means; 3. And ensure that any required job placement rate disclosures include the required disclosures of the source, time frames, and methodology associated with job placement rate disclosure. We hope to have the first of this information ready and available in the fall semester based on the post-graduation survey for the spring 2013 and August 2013 graduation classes (see attachment E for timeline).