



Business, Consumer Services and Housing Agency-- Governor Edmund G. Brown, Jr

**Bureau for Private Postsecondary Education**  
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## MEMORANDUM

<b>DATE</b>	September 18, 2015
<b>TO</b>	State Auditor
<b>FROM</b>	<b>Joanne Wenzel</b> Bureau for Private Postsecondary Education
<b>SUBJECT</b>	Annual Report on Outstanding Audit Issues

Attached please find the Bureau's response to the seven recommendations that remained partially implemented after the Bureau's one year response to the State Audit.

**As the procedures and spreadsheets provided as supporting documentation contain sensitive information the Bureau requests that the State Auditor please treat all supporting documents submitted as confidential.**

### **Recommendation #1**

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.

### **Bureau's Response**

The Bureau has implemented procedures to reduce the time it takes to process all licensing applications and has introduced licensing workshops as a way to reduce the backlog. The Bureau is providing copies of all application processing procedures in addition to the sample procedure provided with the One Year Response and provides the following statistics demonstrating the progress made:

The total number of "applications pending" or "under review" (not completed) as of June 30, 2013 was 1174, as of September 1, 2015 the total of applications pending or under review is 673.

For "Applications for Approval to Operate for Institutions Not Accredited" the number of applications "Under review" or "pending assignment" on July 1, 2013 was 211, the total number of applications pending or under review on September 1, 2015 is 169.

This recommendation was fully implemented as of December 2014. The workshops were introduced in July 2014 and procedures were fully implemented in December 2014.

### **Recommendation #8**

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.

### **Bureau's Response**

The Bureau is providing an attachment showing open and closed "Citations for Unapproved Activity". This spreadsheet will have blank spaces if the actions were not applicable to the particular citation. This spreadsheet shows that the Bureau is tracking "all relevant information related to its enforcement actions against these institutions."

This recommendation was fully implemented as of April 2014.

### **Recommendation #9**

To comply with state law and to ensure that it effectively manages its inspections of institution, 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.

### **Bureau's Response**

The Bureau is attaching a copy of the spreadsheet indicating the dates for announced and unannounced compliance inspections. This spreadsheet is confidential.

This recommendation was fully implemented as of November 2014.

### **Recommendation #10**

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 non-compliance.

### **Bureau's 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.

### **Recommendation #12**

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

### **Bureau's Response**

Previously the Bureau provided documentation that a mechanism for tracking the amount of time its staff takes to complete each step of its announced inspection process had been implemented. The State Auditor considered the response partially complete because "there was no evidence that its managers actively review the data on a regular basis or that the data is consolidated and analyzed to ensure that it is effectively managing its inspection of institutions."

While that requirement was not included in the initial recommendation, the Bureau is providing the manager's procedures that include reviewing the time spent on announced compliance inspections and evaluation of that data.

This recommendation was fully implemented as of April 2015.

#### **Recommendation #16**

To comply with state law and to ensure that it effectively manages its inspection 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.

#### **Bureau's Response**

Previously the Bureau provided documentation that a mechanism for tracking the amount of time its staff takes to complete each step of its unannounced inspection process had been implemented. The State Auditor considered the response partially complete because "there was no evidence that its managers actively review the data on a regular basis or that the data is consolidated and analyzed to ensure that it is effectively managing its inspection of institutions." To address this concern, the Bureau is providing the management procedures that include reviewing the time spent on unannounced compliance inspections and evaluation of that data.

This recommendation was fully implemented as of April 2015.

#### **Recommendation #22**

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 request and Consumer Affairs' complaint program staff resolve the backlog as expeditiously as possible.

#### **Bureau's Response**

The Bureau is submitting a copy of the workload analysis report completed by CPS RH consulting on February 13, 2015 and a copy of the Budget Change Proposal that was submitted to obtain the additional resources identified in the study. The Bureau is pleased to report that as a result, additional staffing was received and the Bureau is in the process of completing the hiring for the positions received effective July 2015.

This recommendation was fully implemented as of July 2015.