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We have completed an audit of the Western Interstate Commission for Higher Education. This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions. The results of our audit, including findings, conclusions, recommendations, and the Commission's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Western Interstate Commission for Higher Education for their assistance during the audit.

Respectfully presented,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA
Legislative Auditor

May 3, 2005
Carson City, Nevada

STATE OF NEVADA
WESTERN INTERSTATE COMMISSION
FOR HIGHER EDUCATION

AUDIT REPORT

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EXECUTIVE SUMMARY

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Background

The Nevada Western Interstate Commission for Higher Education (WICHE) is a state agency comprised of a three-member governing Commission, a Director, and two staff. Commissioners are appointed by the Governor and have responsibility for setting policy and providing program oversight. WICHE is part of the Western Interstate Commission for Higher Education, a public interstate agency operating under the Western Regional Higher Education Compact.

Nevada WICHE's programs include the Professional Student Exchange Program (PSEP) and the Health Care Access Program (HCAP). PSEP enables students in western states to obtain professional education from out-of-state colleges and universities in fields that are not available at public institutions in a student's home state with preference in admissions and reduced tuition levels. A portion of the support fee paid by the State is provided as a loan and a portion is provided as a grant. Students do not repay the grant if they return to Nevada and practice the profession for which they received support.

HCAP supports students pursuing medically related graduate and professional degrees, but is different from PSEP in three ways. First, after graduation, participants must practice in Nevada among underserved populations for 2 years. Second, if participants complete the 2-year practice requirement, the student loan may be waived. Third, HCAP students can obtain some professional degrees at Nevada schools.

WICHE has two budget accounts. Funding for both accounts in fiscal year 2004 totaled about \$1.66 million, of which \$1.13 million was from the General Fund and \$.53 million was from participants repaying loans. Participant support fees paid to schools totaled about \$1.39 million and

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the remaining \$.27 million was spent on program administration.

Purpose

The purpose of this audit was to evaluate WICHE's process for collecting delinquent loans and determine if WICHE complied with laws, regulations, policies, and procedures. Our audit focused on WICHE's financial and administrative functions during fiscal year 2004. Selected information and activities from prior fiscal years were reviewed to assist with determining compliance with loan and practice requirements, Commission actions, and performance indicators.

Results in Brief

The Western Interstate Commission for Higher Education (WICHE) could do more to ensure program participants comply with practice and loan requirements. Because of poor debt collection practices, it may have missed the opportunity to collect the full amount owed on about \$600,000 in delinquent loans. Furthermore, WICHE has not documented if some participants have fulfilled their practice requirements. In addition, WICHE has not provided accurate information on performance indicators reported in the Executive Budget. Finally, staff could provide the Commission with additional information to assist it with its oversight of program management.

Many of these problems were caused by WICHE not keeping sufficient documentation of Commission decisions on awarding stipends or loans. Commission meeting minutes and program files did not contain sufficient detail or documentation to support loan collection efforts and changes in loan and practice requirements. In addition, WICHE's

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regulations, policies, and procedures are outdated, incomplete, and difficult to understand.

Principal Findings

- WICHE does not resolve delinquent loans timely, and, in many cases, documentation does not show any collection efforts were made for several years. As of June 30, 2004, WICHE had 35 delinquent loans totaling about \$600,000, or 28% of the total dollars outstanding. In most cases, participants had not made payments on these loans for several years. According to WICHE's files, no collection action has been taken on 18 of the loans for more than 2 years. (page 12)
- WICHE lacks an effective process to identify, track, and resolve all delinquent loans timely. WICHE has developed a report to help track and resolve old debt cases. However, the report has many weaknesses and is not an effective means of tracking all delinquent accounts. The report only tracks debt over 1 year delinquent that has been referred to the Deputy Attorney General for collection action. No written procedures were developed governing when to place or remove loans from the report. Because of these weaknesses, loans were removed from the report without being resolved. (page 14)
- WICHE did not use all available options when pursuing delinquent accounts. Generally, WICHE limited collection efforts to sending letters or referring the case to its Deputy Attorney General, who also sent a letter. NRS 397.064(7) allows WICHE to recover reasonable costs of collection and attorney's fees. However, WICHE has not used this statute or engaged collection agencies or others to help resolve delinquent loans. Other collection options which were not used include liens, garnishments, Controller offsets, and contacting loan co-signers and professional licensing boards. For

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example, one participant owed WICHE about \$7,000 and did not make payments in 2001, 2002, or 2003. State accounting records indicate that during 2002 and 2003, another state agency paid this participant \$18,000 for contracted services. Had WICHE taken advantage of the State Controller's offset program, the amount owed could have been paid. (page 15)

- Documentation supporting payment requirements and collection efforts is inadequate and contributes to WICHE's inability to resolve delinquent loans timely. Inadequate documentation also increases the risk that WICHE may not collect on some loans based on statutory time limits. Seven of 26 files sampled lacked documentation supporting the current monthly payment required. Files for 33 of 35 delinquent loans lacked sufficient documentation showing collection actions taken by WICHE, and 31 of 35 files did not contain documentation of collection actions taken by the Deputy Attorney General. (page 16)
- Policies and procedures do not clearly identify collection timeframes or the individual responsible for performing the procedures, which contributes to WICHE's not resolving delinquent loans timely. In addition, procedures do not address collection options for accounts over 120 days delinquent and do not address handling bankruptcy cases. (page 16)
- WICHE staff should provide the Commission with periodic information on program activities. Information should include, but not be limited to, loan collections, including the status of delinquent accounts; the status of cases referred to the Attorney General's Office and the state's collection agency; lists of loans with extensions to the practice and loan repayment deadlines; and participant requests for the Commission's consideration. The Commission needs this information to help it meet its statutory and fiduciary responsibilities, provide oversight and guidance to staff, and keep updated on potential issues facing the program. (page 17)

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- The WICHE Director routinely approves changes in loan and practice requirements that, by statute and regulation, are Commission responsibilities. These include negotiating loan repayment terms, approving pro bono contracts, and extending practice deadlines. Statute allows the Commission, by regulation, to delegate to the Director the authority to negotiate terms of repayment. Although regulations have not been adopted, the Director negotiates and approves repayment terms, including pro bono work, without Commission approval. (page 18)
- NRS 397.0653(2)(b) requires participants to report their practice status annually on forms provided by the Commission. WICHE did not send practice questionnaires to participants, other than those paying off their loans, in fiscal year 2004. As a result, in many cases, WICHE does not know if participants met their practice requirements. (page 19)
- Regulations were last revised in 1984, are outdated, and contain inaccurate information. For example, regulations refer to the practice requirements as 3 years in length. However, current practice requirements vary from 2 to 4 years based on the program. Regulation also cites the wrong statute as authority. NRS 233B.050(1) requires agencies to review their regulations at least once every 10 years to determine whether they should amend or revise regulations. Periodic review ensures regulations reflect current program requirements. (page 19)
- WICHE files lack documentation to adequately support program activities and decisions made by the Commission. Lists of certified participants, approval of policies, and other actions were not documented. Poor documentation can hinder WICHE's efforts to enforce program requirements and ensure participants are treated consistently. NRS 397.060 requires the Commission to certify all participants. Although

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minutes indicated each year that the Commission approved a certified list, meeting files did not always contain this list. (page 19)

- WICHE has not updated its policies and procedures manual in more than 10 years. Several policies and procedures contain handwritten changes and some are on post-it notes, making it difficult to identify current requirements. In addition, the manual lacks effective dates for most procedures and lacks some Commission approved policies. Written procedures would help ensure participants are treated consistently. (page 20)
- WICHE can improve its strategic plan and performance indicators. The strategic plan does not address all WICHE programs or include outcome measures. WICHE's mission statement does not address its largest program, HCAP. In addition, performance indicators do not measure the benefits WICHE programs provide to Nevada citizens. Further, indicator results reported for fiscal year 2004 are inaccurate and understate problems with debt collection. Finally, performance results and supporting documentation were not retained. (page 22)

Recommendations

This report contains 11 recommendations to improve WICHE's financial and administrative practices. Specifically, WICHE should improve its debt collection process, ensure all Commission decisions are adequately documented in meeting and agency files, and periodically review regulations, policies, and procedures to ensure they are complete and current. In addition, WICHE should develop appropriate outcome measures, periodically report performance indicators to the Commission, ensure indicators are accurate, and maintain supporting documentation. (page 35)

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Agency Response

The Commission, in its response to our report, accepted all 11 recommendations. (page 31)

Introduction

Background

The Nevada Western Interstate Commission for Higher Education (WICHE) is a state agency comprised of a three-member governing Commission, a Director, and two staff. Commissioners are appointed to 4-year terms by the Governor and have responsibility for setting policy and providing program oversight. The agency is part of the Western Interstate Commission for Higher Education, a public interstate agency operating under the Western Regional Higher Education Compact. In 1953, the western states established the compact to provide technical, professional, and graduate education to meet the needs of the region and its students. Nevada joined in 1959. The compact currently includes 15 western states.

Nevada WICHE's programs include the Professional Student Exchange Program (PSEP) and the Health Care Access Program (HCAP). The PSEP enables students in western states to obtain professional education from out-of-state colleges and universities in fields that are not available at public institutions in a student's home state. The regional WICHE Commission determines the academic fields supported by the program and the maximum years of educational assistance. Currently, 13 professional fields are included in the program. WICHE students receive preference in admissions and reduced tuition levels. The student's state pays a support fee through regional WICHE to the admitting school to help cover the cost of education. Currently, Nevada residents can obtain graduate and professional degrees in four fields: dentistry, pharmacy, optometry, and veterinary medicine.

For Nevada students participating in the PSEP, the support fee is provided in two parts. The first part, 25%, is provided as a student loan. Students must repay these loans with interest after completing their education. The time for repayment and interest rates are established in statute and depend on the amount borrowed and when the loans were issued. The second part of the support fee, 75%, is provided as a stipend grant. Students do not repay the grant if they return to Nevada and practice the profession for which they received educational support. The length of the practice

requirement is stipulated in statute, but is normally 1 year for each year of support received. If the participant fails to fulfill the practice obligation, the grant converts to a student loan and must be repaid according to the same terms as the student loan portion.

Nevada began the HCAP in 1998 to address the shortage of certain medical professionals among underserved populations or areas. Pursuant to statute, medically underserved areas are defined by either the Officer of Rural Health of the University of Nevada School of Medicine or the U.S. Secretary of Health and Human Services. Typically underserved groups include rural areas, and Medicaid and Medicare patients. HCAP is unique to Nevada and, unlike PSEP, is not a regional WICHE program. Currently, HCAP supports Nevada students pursuing professional degrees in six fields: dentistry, pharmacy, nursing, physician assistant, physical therapy, and mental health.

HCAP is different from PSEP in three ways. First, after graduation, participants must practice in Nevada among underserved populations for 2 years regardless of the number of years WICHE provided support. Second, if participants complete the 2-year practice requirement, the student loan may be waived. This means the entire support fee is paid by WICHE. Third, HCAP students can obtain some graduate or professional degrees at Nevada colleges and universities, saving the program money. For example, WICHE only supports HCAP students in nursing, mental health, and physical therapy if they attend a Nevada university or college. In addition, if the HCAP participant fails to meet the 2-year practice requirement, up to three times the support fee plus interest must be repaid.

The Legislature approves the fields of professional study available to Nevada residents through the HCAP and PSEP and the number of students supported in each field based on recommendations from WICHE and the Governor. Exhibit 1 shows for academic year 2003-2004 the number of HCAP and PSEP students by field.

**Number of HCAP and PSEP Students by Field
Academic Year 2003-2004**

Field	HCAP	PSEP	Totals
Dentistry	24	14	38
Mental Health	3	0	3
Nursing	41	0	41
Optometry	0	10	10
Physician Assistant	5	1	6
Pharmacy	6	9	15
Physical Therapy	8	0	8
Veterinary Medicine	0	16	16
Totals	87	50	137

Source: WICHE staff.

The exhibit shows 87 of 137 students or 64% participate in HCAP. Because of the financial incentive, no student loan to repay, more students opt for the HCAP. From academic year 2002-03 to 2004-05, the percent of students participating in HCAP increased from 57% to 69%. While this increase may result in more professionals among underserved populations, it means WICHE income from loan payments over time may drop, making the program more dependent on financial support from other sources.

WICHE has two budget accounts: Administration, and Loan and Stipend. Funding for both accounts in fiscal year 2004 totaled \$1,659,000, of which \$1,129,000 was General Fund and \$530,000 was from participants repaying loans and stipends. Participant support fees paid to universities and colleges totaled \$1,392,000 and the remaining \$267,000 was spent on program administration.

Scope and Objectives

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218.737 to 218.893. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada

citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit focused on WICHE's financial and administrative functions during fiscal year 2004. Selected information and activities from prior fiscal years were also reviewed to assist with determining compliance with loan and practice requirements, Commission actions, and performance indicators. The audit objectives were to:

- evaluate WICHE's process for collecting delinquent loans, and
- determine if WICHE complied with laws, regulations, policies, and procedures.

Findings and Recommendations

The Western Interstate Commission for Higher Education (WICHE) could do more to ensure program participants comply with practice and loan requirements. Because of poor debt collection practices, it may have missed the opportunity to collect the full amount owed on about \$600,000 in delinquent loans. Furthermore, WICHE has not documented if some participants have fulfilled their practice requirements. In addition, WICHE has not provided accurate information on performance indicators reported in the Executive Budget. Finally, staff could provide the Commission with additional information to assist it in its oversight of program management.

Many of these problems were caused by WICHE not keeping sufficient documentation of Commission decisions on awarding stipends or loans. Commission meeting minutes and program files did not contain sufficient detail or documentation to support loan collection efforts and changes in loan and practice requirements. In addition, WICHE's regulations, policies, and procedures are outdated, incomplete, and difficult to understand.

Debt Collection Process Not Effective

WICHE did not always ensure participants graduating from its programs complied with all payment requirements. Some participants have not made loan payments in several years and documentation shows WICHE made limited efforts to collect these accounts. WICHE can help ensure participants comply with payment requirements by implementing an effective system to track delinquent loans, using all collection options available, documenting all collection action, and improving policies and procedures. WICHE staff should also provide the Commission with periodic reports on loan payments and delinquent loans.

Action on Delinquent Loans Not Timely

WICHE does not resolve delinquent loans timely, and in many cases, documentation does not show any collection efforts were made for several years. As of June 30, 2004, WICHE had 35 delinquent loans totaling about \$600,000, or 28% of the

total dollars outstanding. In most cases, participants had not made payments on these loans for several years.

Untimely collection efforts can result in lost revenues. In November 2001, the WICHE Commission approved writing off six delinquent loans totaling more than \$52,000. Information provided to the Commission indicated WICHE did not take timely action to collect the loans. In addition, the State may not collect on seven loans totaling about \$137,000 due to untimely collection. Further, due to WICHE losing contact with participants, bankruptcy, or other circumstances, the State may not collect on other loans or will settle for less than the amount owed. This may result in a reduction in the number of students the program can support or a need for additional General Fund support.

Exhibit 2 shows the 35 delinquent loans as of June 30, 2004, and the amount owed by the length of time since WICHE last attempted to collect on the loan, based on file documentation. Appendix C on page 30 shows additional information on these 35 loans.

Exhibit 2

**Status of 35 Delinquent Loans
As of June 30, 2004**

Length of Time Since Contact	No. of Loans	Amount Owed
Contact within the past 2 years, participant rarely making payments	17	\$368,000
No documented contact with participant in 2-6 years	11	\$102,000
No documented contact with participant for more than 6 years	7	\$137,000
Total Delinquent Loans	35	\$607,000

Source: WICHE records.

The exhibit shows 17 loans with \$368,000 outstanding where WICHE had contact with participants but payments were infrequent over the past 2 years. For example, a participant with two loans owes more than \$120,000. Although loan payments should have begun in July 1997, the first payment was made in June 2001. The participant then made sporadic payments until July 2003, when payments stopped. In the past 7 years, the participant paid \$4,860. In addition, ongoing contact was not maintained with the participant. Even though payments stopped in July 2003, file

documentation does not show WICHE contacted the participant from August 2003 until April 2004.

According to WICHE's files, no collection action has been taken on 18 loans totaling about \$239,000 for more than 2 years. For example, a participant graduating in 1988 owed about \$10,000. Although WICHE had a current address for this individual, no loan payments have been made since April 1995. The last attempted collection documented in the participant's file was in May 2001. In addition, on three loans totaling about \$75,000, there is no file documentation showing collection efforts have been made for more than 10 years, and WICHE lost contact with these individuals. As a result, WICHE may not collect on these loans.

Weaknesses Contributed to Poor Collection Efforts

Weaknesses in collecting on delinquent loans exist because WICHE lacks an effective process to identify, track, and resolve loans in a timely manner. In addition, WICHE did not utilize all collection methods available to resolve delinquent loans timely. Further, collection efforts were poorly documented, and policies and procedures are inadequate. Finally, the Commission was not provided with periodic information showing problems with loan collections and delinquent accounts.

Ineffective Process to Handle Delinquent Loans

WICHE lacks an effective process to track delinquent accounts, like an aged receivable listing that identifies loans 30, 60, and 90 days late. Additionally, WICHE lacks an effective system to track delinquent accounts over 120 days late. The lack of a tracking system contributed to collection actions not being taken timely.

Each month, staff prepare a report showing all delinquent accounts from the previous month. Staff stamp the monthly statements delinquent and send collection letters for loans 30, 60, and 90 days late. However, these procedures were not followed for 6 of the 10 loans we reviewed that were fewer than 120 days delinquent during fiscal year 2004. Procedures also were not followed for 33 of the 35 loans more than 120 days delinquent.

WICHE has developed a "Loan-Stipend Grant Delinquency Aging Report" to help track and resolve the old debt cases. However, the report has many weaknesses and is not an effective means of tracking all delinquent accounts. First, the report only tracks

debt over 1 year delinquent that has been referred to the Deputy Attorney General for collection action. Second, loans involving bankruptcy were removed from the report without resolution. Third, no written procedures were developed governing when to place or remove loans from the report. Finally, no process is in place to handle cases removed from the report when the delinquency is unresolved. Because of these weaknesses, loans were removed from this tracking list without being resolved. The report shows 18 delinquent loans totaling \$286,000 as of June 2004. However, 17 unresolved delinquent loans totaling \$321,000 were not tracked.

All Collection Options Not Utilized

WICHE did not utilize all available options when pursuing delinquent accounts. Generally, WICHE limited collection efforts to sending letters. If a participant did not respond, then the case was referred to the Deputy Attorney General, who also sent a letter demanding payment. If the participant was unresponsive, then WICHE might have sent additional letters.

Other collection options were not used. NRS 397.064(7) allows WICHE to recover reasonable costs of collection and attorney's fees for collection actions. WICHE has not utilized this statute, engaged collection agencies, outside attorneys, or others to help resolve delinquent loans. In addition, WICHE did not use the state's collection agency. Since 2001, agencies could use the state's collection agency through an interlocal contract with the Controller's Office. The Commission entered into a contract with the Controller's Office in May 2004 and plans to send some old loans to the state's collection agency.

Finally, WICHE missed an opportunity to collect on loans by not using all available collection options including liens, garnishments, Controller offsets, and contacting loan co-signers and licensing boards. For example, NRS 353C.190 allows the State Controller to offset amounts due an agency from a debtor against an amount owing to the debtor by another agency. One participant owed about \$7,000 on two loans but did not make payments in 2001, 2002, or 2003. State accounting records indicate that during 2002 and 2003, another state agency paid this individual \$18,000 for contracted services. If WICHE had taken advantage of the offset program, these two loans could have been paid.

Poor Documentation

Documentation supporting payment requirements and collection efforts is inadequate and contributes to WICHE's inability to resolve delinquent loans timely. Inadequate documentation also increases the risk that WICHE may not collect on some loans based on statutory time limits. In addition, information is misfiled and difficult to locate, and files contain duplicate and draft documents. WICHE cannot enforce loan repayment requirements without documents properly signed and approved by participants and WICHE officials.

Participant files lack documentation supporting the monthly payment requirement. Seven of 26 files sampled lacked documentation supporting the current monthly payment requirement. If payments are renegotiated, changing the monthly payment, the participant's file should contain documentation supporting the change. Without documentation, WICHE cannot enforce monthly payment requirements or ensure participants pay off loans timely.

In addition, files for 33 of 35 delinquent loans lacked sufficient documentation showing collection action taken by WICHE. In addition, information relevant to a loan was not always documented in the file. For example, staff indicated a bankruptcy judge eliminated a participant's student loan obligation. However, WICHE records did not include a copy of the judge's order and the loan still appeared outstanding on the delinquency report.

Further, 31 of the 35 delinquent loans reviewed lacked documentation showing collection action taken by the Deputy Attorney General. WICHE loan files rarely contained documentation such as collection letters, correspondence with the participant, and other collection efforts made by the Deputy Attorney General. To ensure WICHE collects on all loans timely, collection efforts should be documented in the participant's file.

Incomplete Policies and Procedures

Policies and procedures do not clearly identify collection timeframes or the individual responsible for performing procedures. WICHE also lacks policies and procedures for handling delinquent loans over 120 days late. These weaknesses contributed to WICHE not resolving delinquent loans timely.

In June 2004, the Commission revised procedures to include the use of the state's debt collection services. However, procedures do not clearly identify the time allowed for the participant to respond between WICHE's 90-day letter and the Deputy Attorney General's letter, or until the loan is sent to the collection agency. In addition, other than sending loans to the collection agency, procedures do not address collection options for accounts over 120 days late. Further, procedures do not always identify the staff position responsible for each collection step. Finally, procedures do not address handling bankruptcy cases or participants making sporadic payments, such as one payment every 2 months.

Commission Needs Periodic Reports on Program Activities

WICHE staff should provide the Commission with periodic information on program activities. Information should include, but not be limited to, loan collections including the status of delinquent accounts, the status of cases referred to the Attorney General's Office and the state's collection agency, lists of loans with extensions to the practice and loan repayment deadlines, and participant requests for the Commission's consideration. The Commission needs this information to help it meet its statutory and fiduciary responsibilities, provide oversight and guidance to staff, and keep updated on potential issues facing the program.

WICHE should also retain a packet containing all information provided to and approved by the Commission. This includes new and revised policies and procedures, Executive Budget requests, reports on operations, and participant requests for loan or practice extensions. The packet should also contain the posted meeting agenda and approved minutes. These steps would help ensure information about Commission action is adequately documented and readily available to staff, Commissioners, and the public.

Requirements for Debt Write-Off and Reporting Not Followed

WICHE did not comply with state laws requiring Board of Examiners (BOE) approval when writing off debt and providing quarterly reports of debts owed to the Controllers' Office. NRS 353C.220 requires the BOE approval when writing off old debt. The Commission approved writing off debt in November 2001 without BOE approval. WICHE staff indicated they were unaware of this requirement.

NRS 353C.120 requires state agencies to submit quarterly reports on debts owed to the Controller's Office. Although WICHE staff indicated quarterly reports were submitted to the Controller's Office in the past, reports were not sent in recent years.

WICHE Did Not Comply With Program Requirements

WICHE does not always comply with laws and regulations, and the Director routinely performs Commission responsibilities. Commission control for awarding stipends and granting exceptions to program payback and practice requirements was weakened because of poorly documented decisions, lack of information, and outdated policies and procedures. As a result, WICHE does not know if all participants are meeting their obligation to practice in Nevada. In addition, participants were not always treated consistently when granting exceptions, like waiving delinquent charges.

WICHE Director Performs Commission Responsibilities

The WICHE Director routinely approves changes in loan and practice requirements that by statute and regulation are Commission responsibilities. These include negotiating loan repayment terms, approving pro bono contracts, and extending practice deadlines. The Commission should approve changes in loan and practice requirements or seek changes in statute and regulation delegating these functions to the Director. In addition, the Commission should adopt regulations establishing timeframes for participants to request extensions of the time required to repay a loan or stipend due to hardship.

NRS 397.0655 allows the Commission, through regulation, to delegate to the Director the authority to negotiate terms of repayment. Although regulations have not been adopted, the Director negotiates and approves repayment terms, including pro bono work, without Commission approval. While this requirement was added to statute in 1995, WICHE staff indicated they have not had time to seek regulatory changes.

The WICHE Director also approves time extensions to complete the practice requirement. NAC 397.020 and 397.030 indicates the Commission can grant reductions or extensions in the time allowed to complete the practice requirement. The Commission should either approve all practice extensions and reductions, or amend statutes or regulations to allow the Director to approve them.

In addition, NRS 397.069 allows the Commission to extend the time to repay a loan or stipend due to hardship by adopting regulations setting timeframes for participants to request an extension. Although the Commission has not adopted regulations establishing timeframes, participants still received extensions. The Commission should adopt regulations to provide participants with requirements to request loan or stipend repayment extensions.

Practice Requirements Are Not Followed

NRS 397.0653(2)(b) requires participants to report their practice status annually on forms provided by the Commission. WICHE did not send practice questionnaires to participants, other than those paying off their loans, in fiscal year 2004. As a result, in many cases, WICHE does not know if participants met their practice requirements. For example, 8 of 27 participant files reviewed lacked sufficient documentation to determine whether the participants met the practice requirements. To comply with statute and help ensure participants meet their practice obligations to Nevada, WICHE should send out practice questionnaires and make sure students return them annually.

Regulations Not Periodically Updated

Regulations were last revised in 1984, are outdated, and contain inaccurate information. For example, regulations refer to the practice requirements as 3 years in length. However, current practice requirements vary from 2 to 4 years based on the program. Regulation also cites the wrong statute as authority. NRS 233B.050(1) requires agencies to review their regulations at least once every 10 years to determine whether they should amend or revise regulations. Periodic review ensures regulations reflect current program requirements.

Program Activities Are Not Adequately Documented

WICHE files lack documentation to adequately support program activities and decisions made by the Commission. Lists of certified participants, approval of policies, and other actions were not documented. Poor documentation can hinder WICHE's efforts to enforce program requirements and ensure participants are treated consistently.

Files lacked documentation showing that participants receiving support fees were certified (i.e., accepted into the program) by the Commission. From a listing of

participants receiving support fees in fiscal year 2004, we sampled 13 participant files; 11 participants' certifications were not documented in Commission meeting files. NRS 397.060 requires the Commission to certify all participants. Although minutes indicated each year that the Commission approved a certified list, meeting files did not always contain this list. Therefore, based on available documentation, it is unclear if the Commission approved all participants currently receiving funding.

In addition, files do not contain copies of budgets and policies approved by the Commission. For example, in August 2000, the Commission revised its pro bono program. Although minutes referred to the policy, a copy was not found in the meeting file. The Commission also approves WICHE's budget request each biennium. However, copies of the approved budgets for the 2003-05 and 2005-07 bienniums were not in meeting files. To ensure Commission action is properly documented, copies of policies, budgets, and other items approved by the Commission should be retained in the meeting files.

Finally, meeting files did not always contain agendas and approved minutes. Agendas were missing for the June 2004, August and December 2002, and all prior meetings back to February 2000. Approved minutes were not found in meeting files for the August 2000, October 2003, and June 2004 meeting files. Approved minutes were maintained on staff computers. To ensure procedures are followed and Commission action is properly documented, copies of posted agendas and approved minutes should be retained in Commission meeting files.

Policy and Procedure Manual Is Outdated

WICHE has not updated its policies and procedures manual in more than 10 years. Several policies and procedures contain handwritten changes, some on post-it notes, making it difficult to identify current requirements. The manual also lacks effective dates for most procedures. In addition, the manual contains outdated procedures and lacks some Commission approved policies. Finally, additional procedures are needed.

Policies Not Included in the Manual

The Commission has revised or adopted new policies that were not included in the manual. For example, in August 2000, the Commission revised its pro bono policy

and adopted a new policy for Health Care Access Program participants to pay back stipends when not fulfilling their practice requirement. However, WICHE did not incorporate these policies into the manual. In addition, in June 2004, the Commission revised debt collection procedures to include using the state's collection agency. Revised procedures were not included in the manual.

Outdated Procedures

The manual contains many outdated procedures, including recording and depositing payments, and earning pro bono credits. For example, pro bono procedures were last revised in 1995 and do not reflect current policy or practices. Procedures state participants can work off a maximum of \$2,500 a year in pro bono credits, not to exceed \$5,000 per loan or 50% of the outstanding principal. Through policy, the Commission revised these requirements in 2000 to allow participants to work off 50% of the student loan up to \$10,000 and 75% of the stipend loan. In addition, procedures currently in the manual for recording and depositing payments were last revised in 1993 and do not reflect current practice. WICHE developed revenue procedures for the state's Integrated Financial System (IFS) in 2001, which superseded many prior procedures. However, WICHE's IFS procedures were not incorporated into the manual.

Additional Procedures Are Needed

WICHE needs to develop procedures for waiving monthly delinquent charges. NRS 397.064(6) allows WICHE to assess a monthly delinquent charge for late payments. WICHE often waives these charges based on a good payment history, payments postmarked by the last day of the month, and when the participant is working with staff on a revised payment plan. However, waiving these charges was not consistently applied. For example, one participant had three delinquent charges for not making monthly payments over a 1-year period. A fourth delinquent charge was waived citing "good payment history." Another participant made timely monthly payments over a 1-year period. Despite having a good payment history, a subsequent delinquent charge was not waived. Written procedures for waiving delinquent charges would help ensure participants are treated consistently.

Strategic Planning Needs Improvement

WICHE can improve its strategic plan and performance indicators. The strategic plan does not address all WICHE programs or include outcome measures. In addition, performance indicators do not measure the benefits WICHE programs provide to Nevada citizens. Further, indicator results reported for fiscal year 2004 are inaccurate and understate problems with debt collection. Finally, performance results and supporting documentation were not always retained.

Strategic Plan Not Complete

WICHE's mission statement does not address its largest program, the Health Care Access Program (HCAP). A mission statement should concisely identify what WICHE does, why, and for whom, including addressing major programs. WICHE's current mission statement states:

The mission of the Western Interstate Commission for Higher Education (WICHE) is to carry out the goals, objectives, and programs as provided for in the Western Interstate for Higher Education's multi-state regional compact. The compact is responsible for providing higher education opportunities and sharing resources among the member's states. Through this compact Nevada WICHE is able to provide educational and financial assistance to Nevada citizens and to return to the state highly trained, qualified professionals in areas of established need.

The mission statement focuses on regional WICHE's traditional Professional Student Exchange Program (PSEP). The PSEP assists Nevada students obtaining professional degrees not offered in Nevada. After graduation, PSEP students must return and practice in Nevada. WICHE initiated the HCAP in 1998 to help provide certain professionals among medically underserved populations. Typically the underserved include rural areas, and Medicaid and Medicare patients. After graduation, HCAP students must work with underserved populations in Nevada. However, this program is unique to Nevada, and unlike PSEP, many HCAP students obtain professional degrees at Nevada universities and colleges. Although nearly 64% of participants in fiscal year 2004 were HCAP students, WICHE's mission statement does not specifically address the HCAP.

WICHE should also develop outcome measures. While the strategic plan includes goals, objectives, and strategies, it lacks outcome measures. Outcome

measures assess the results or impact WICHE has on participants and Nevada citizens. For example, WICHE has established an objective to “increase access to WICHE resources for both applicants and participants.” However, WICHE has not developed outcome measures or benchmarks to determine whether the program is making progress to achieve this objective. Implementing outcome measures for all objectives would enable staff, Commissioners, legislators, and others to assess if the program is achieving its goals and objectives, and benefiting Nevada citizens.

Performance Indicators Can Be Improved

WICHE’s performance indicators do not measure the outcomes or benefits the program provides to Nevada citizens. The results for several indicators reported in the Executive Budget for fiscal year 2004 are inaccurate and understate debt collection weaknesses. In addition, WICHE did not always retain performance indicator results or supporting documentation.

Currently, WICHE has performance indicators addressing delinquent accounts, stipend payments, and the percentage of student slots filled. While these indicators may provide useful information, they do not address the benefits WICHE provides to Nevada citizens. WICHE would benefit from developing performance indicators measuring the health and economic impacts its programs provide to Nevada and underserved populations.

In addition, reported performance results for fiscal year 2004 were inaccurate and understate program weaknesses. For example, WICHE has two performance indicators measuring:

- percentage of delinquent loan dollars vs. total loans outstanding, and
- percentage of delinquent accounts vs. total accounts outstanding.

WICHE reported the results for these indicators at 9% and 8% respectively. However, not all delinquent loans were included in these numbers. When calculating results, WICHE excluded all loans with a past bankruptcy and those no longer on the listing of cases handled by the Deputy Attorney General. WICHE also excluded delinquent loans where participants had expressed a willingness to begin making payments or perform pro bono work. However, these loans were still delinquent and participants had not made payments or performed pro bono work. Based on review of WICHE records and

discussion with staff, the results for the above two indicators should be 28% and 18% respectively. Therefore, the results reported in the Executive Budget for the 2005-07 biennium significantly understate problems with collecting delinquent loans.

Finally, WICHE did not retain performance results for fiscal year 2003 and supporting documentation for 2003 and 2004. WICHE staff stated performance indicator results for fiscal year 2003 were not retained. Therefore, staff, Commissioners, legislators, and others cannot determine from year-to-year if WICHE is improving operations and achieving its performance goals. Staff also represented documentation supporting indicators for fiscal years 2003 and 2004 were not retained. State budget instructions indicate agencies should retain performance indicators and supporting documentation for 3 years. Retaining performance results and supporting documentation would help ensure accuracy and avoid the errors for debt collection noted above.

Recommendations

1. Implement an aged accounts receivable tracking system.
2. Implement policies and procedures governing the debt tracking system, collection actions, and timeframes.
3. Provide periodic reports to the Commission on actions taken to ensure participants comply with program requirements including: loan collections; cases referred to the Office of the Attorney General; the number and type of exceptions granted; and the amount of interest, penalties, and practice forgiven or extended.
4. Update and follow the policies and procedures manual to improve assurance that participants are treated consistently and comply with all program requirements.
5. Revise regulations governing loan and practice requirements.
6. Periodically conduct a thorough review of regulations to ensure they are complete and current.

7. Develop and implement procedures to help ensure compliance with statutory requirements, including:
 - providing participants with practice questionnaire forms annually and ensuring forms are completed and returned;
 - obtaining Board of Examiners' approval when writing off debt; and
 - providing the Controller's Office with quarterly reports showing debt owed to the agency.
8. Develop and implement policies and procedures to help ensure all decisions are adequately documented in Commission minutes and agency files, including certification of students, loan collection efforts, exemptions from requirements, and changes in policies, procedures, and regulations.
9. Revise strategic plan to include all WICHE programs and develop outcome measures to assess program performance.
10. Report performance indicators to the Commission at least annually.
11. Develop and implement procedures to ensure performance indicators:
 - show program performance accurately;
 - are calculated each year using a consistent methodology; and
 - are supported by documentation that is maintained for at least 3 years.

Appendices

Appendix A Audit Methodology

To gain an understanding of the Western Interstate Commission for Higher Education, we interviewed agency staff and reviewed statutes, regulations, policies, and procedures significant to WICHE's financial and administrative practices. We also reviewed agency records, financial reports, budgets, and minutes of legislative committees and Commission meetings. Further, we reviewed related information from regional WICHE.

To evaluate WICHE's methods of collecting on delinquent loans, we reviewed all 35 loans that were more than 120 days delinquent as of June 30, 2004. For these loans, we reviewed billing information and participant files to document collection efforts. We compared collections with WICHE's requirements and discussed these loans with agency staff. In addition, from a listing of all participants required to make payments during fiscal year 2004, we identified delinquent loans less than 120 days late. We then judgmentally selected a sample to determine WICHE compliance with policies and procedures.

To determine if the Commission approves loan and practice extensions, we identified from WICHE records all participants graduating in 2000, 2001, and 2002. We then randomly selected 27, or 33% of total graduates from these 3 years. Participant files were reviewed for evidence of a change in loan or practice deadlines. When a change was found, we reviewed Commission meeting minutes to determine if the participant's request was approved by the Commissioners. In addition, we judgmentally selected a sample of 26 monthly payments made during fiscal year 2004. We reviewed participant's files and monthly billing statements for evidence showing a change in the minimum monthly payment requirement. When a change was found, the participant's file was reviewed for a request from the student to modify the loan deadline. Commission meeting minutes were then reviewed to determine if the Commissioners approved the request.

From the 27 graduates selected above, we also reviewed files for practice questionnaires to determine if WICHE adequately documented participants' progress toward meeting their practice obligation.

We obtained listings of participants receiving support fees during fiscal year 2004 to determine if WICHE records showed the Commission certified these individuals. We judgmentally selected a sample of 13, or 10%, of these participants and compared them with certified lists of participants maintained in WICHE files. We then reviewed Commission meeting minutes to determine if the participants were on certified lists approved by the Commissioners.

To evaluate the adequacy of WICHE's policies and procedures, we reviewed the manual and noted weaknesses. We reviewed Commission meeting minutes to determine if the Commissioners had adopted new or revised policies and procedures that were not in the manual. We also requested policy and procedure updates from WICHE staff and determined if these changes were in the manual.

To determine if Commission meeting files contained adequate documentation, we reviewed meeting files for all meetings from February 2000 to August 2004. We reviewed each file for an agenda, copy of approved minutes, and copies of policies, budgets, certified lists, and other items approved by the Commission. We then compared agenda items to approved minutes to determine if all Commission action was listed on the agenda.

To evaluate strategic planning efforts, we compared WICHE's strategic plan with state criteria. We requested from WICHE performance indicator results, supporting documentation, and methodology for calculating results for fiscal years 2003 and 2004. We then compared information provided by staff with WICHE records and state criteria.

Our audit work was conducted from June to December 2004 in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Director of the Western Interstate Commission for Higher Education. On April 21, 2005, we met with WICHE officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix D, which begins on page 31.

Contributors to this report include:

Lee Pierson
Deputy Legislative Auditor

Jane Bailey
Audit Supervisor

Stephen M. Wood, CPA
Chief Deputy Legislative Auditor

Appendix B

Prior Audit Recommendations

Our prior audit of the Western Interstate Commission on Higher Education contained five recommendations. Three of the five were within scope of the current audit. As part of our audit, we assessed the implementation of the three recommendations, and found none were fully implemented. These recommendations relate to strategic planning, monitoring completion of the practice requirement, and documenting participant requests and Commission approval for loan and practice extensions. We have modified and repeated these recommendations in this audit report.

Appendix C

Information on Delinquent Loans By Participant as of June 30, 2004

	Number of Loans	Graduation Date	Field	Total Outstanding	Last Payment	Last Contact	Time Since Last Contact	Comments
1	1	1979*	Dentistry	\$ 4,190	Oct 1995	Nov 1998	5 yrs 7 mos	Bankruptcy 1998
2	1	1982	Vet. Medicine	\$ 23,356	None	Apr 1993	11 yrs 2 mos	
3	1	1984	Optometry	\$ 12,225	May 2004	Jun 2004		No payments Jan 2001 to May 2004
4	2	1984	Dentistry	\$ 51,696	None	Jul 1993	10 yrs 11 mos	
5	1	1985	Law	\$ 4,050	Jan 1995	Feb 1999	5 yrs 4 mos	
6	1	1987	Optometry	\$ 10,396	Aug 1992	Apr 2004	2 mos	Apr 2004 – agreed to start making payments, no documented contact May 1994 to Apr 2004
7	1	1988	Optometry	\$ 10,342	Apr 1995	May 2001	3 yrs 1 mo	Bankruptcy 1992
8	1	1988	Dentistry	\$ 3,175	Jun 2004	Jun 2004		No contact Dec 2000 to Apr 2004, made payment Jun 2004
9	1	1989	Physical Therapy	\$ 22,082	None	Sep 1998	5 yrs 9 mos	
10	1	1989	Law	\$ 11,865	Dec 1998	Apr 2004	2 mos	No documented contact Apr 2001 to Mar 2004
11	1	1990	Optometry	\$ 3,030	Aug 1997	May 1998	6 yrs 1 mo	Bankruptcy 1998
12	2	1990	Dentistry	\$ 20,185	Mar 2003	Jun 2004		\$2,000 payment in Jul 2004, negotiating pro bono work
13	2	1991	Dentistry	\$ 86,017	Nov 1996	May 2004	1 mo	No documented contact from May 1999 to May 2004
14	1	1991	Law	\$ 17,375	May 1996	Jan 2002	2 yrs 5 mos	Bankruptcy 1998
15	1	1991	Vet. Medicine	\$ 31,881	May 1998	May 1998	6 yrs 1 mo	
16	1	1992	Law	\$ 17,658	Oct 2003	Mar 2004	3 mos	
17	1	1992	Vet. Medicine	\$ 20,816	None	Jun 1994	10 yrs	Bankruptcy 1994
18	2	1993*	Pharmacy	\$ 15,846	None	Aug 2000	3 yrs 10 mos	
19	2	1994	Law	\$ 20,227	Sep 1999	Apr 2004	2 mos	
20	2	1996	Vet. Medicine	\$121,644	Jul 2003	Jun 2004		No payments from 1997 to 2001
21	1	1997	Law	\$ 1,321	Jan 2002	May 2002	2 yrs 1 mo	
22	1	1997	Physician Asst.	\$ 3,990	Sep 1999	Jan 2003	1 yr 5 mos	
23	2	1998*	Pharmacy	\$ 4,193	Jul 2001	Oct 2001	2 yrs 9 mos	Attempted to contact Jun 2004.
24	1	1998	Vet. Medicine	\$ 22,663	Oct 2001	Oct 2001	2 yrs 8 mos	In bankruptcy 2002
25	1	1998	Law	\$ 6,257	None	May 1998	6 yrs 1 mo	Also need to convert stipend to a loan (about \$18,000)
26	1	1998	Pharmacy	\$ 24,525	May 2004	May 2004	1 mo	Bankruptcy 2002
27	1	1999	Dentistry	\$ 15,995	Aug 2002	Dec 2003	6 mos	Active bankruptcy case, payments frozen until resolved
28	1	2002	Dentistry	\$ 19,573	None	Jun 2004		
Totals	35			\$606,573				

Source: Auditor review of WICHE files and database.

*Participant terminated studies, must repay the amount received from the State plus interest.

Note: Some participants have two loans, a student loan and stipend loan. All PSEP participants must repay 25% of the State support fee through a student loan. If a participant does not return and practice in Nevada, then the remaining 75% of the support fee converts to a stipend loan.

Appendix D

Western Interstate Commission for Higher Education's Response



STATE OF NEVADA

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Legislative Counsel Bureau
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Segway Office Building
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Carson City, Nevada

This letter serves as a response to the Legislative Audit Division recommendations based on their audit of WICHE for fiscal year 2004, along with selected information and activities from prior fiscal years. The audit evaluated WICHE's process for collecting delinquent loans and compliance with laws, regulations, policies and procedures, as well as loan and practice requirements, Commission actions, and performance indicators. Eleven (11) recommendations resulted from the findings report and are identified below, followed by WICHE's responses to those findings.

1. Finding: Implement an aged accounts receivable tracking system.

Response: A 30/60/90 day tracking system is in place together with a Monthly Delinquent Chart, AG Referrals document, Monthly Statement Notes and Delinquency Notice Form Letters.

2. Finding: Implement policies and procedures governing the debt tracking system, collection actions, and timeframes.

3. **Response:** The procedure has been revised to reflect the above system. Please see last column of attached chart for update on WICHE's aged accounts.

4. Finding: Provide periodic reports to the Commission on actions taken to ensure participants comply with program requirements including loan collections; cases referred to the Office of the Attorney General; the number and type of exceptions granted; and the amount of interest, penalties, and practice forgiven or extended.

Response: Minutes of quarterly commission meetings include a Director's Report, which covers practice audit updates and the Attorney General report (collection update and Attorney General referral update). WICHE's meetings and minutes procedure is in revision to include periodic reports on exceptions granted, and interest/penalties/practice forgiven or extended. This procedure will be revised and implemented by the August 2005 commission meeting.

5. Finding: Update and follow the policies and procedures manual to improve assurance that participants are treated consistently and comply with all program requirements.

Response: The policies and procedures manuals have been under re-construction as of 4/04. As of today's date there are 12 procedures formally re-written. Among these is the practice audit procedure which has been implemented as of 10/8/04. This procedure includes tracking all fields

from 1999 forward, all programs, school attended, the student's entering year (EY), the student's graduation date, practice obligation completion date, location working, number of years worked, employment verification and status, place of work, notes/comments. Sections are: Required Student Activity /Status Check/Current Students/Current Obligated (practice/loan)/Current Practicing Participants/Payments Only/Obligation Complete/File Closed/Purged Files. Areas of the policy needing more attention are tracking former students for output/outcome assessment, and obtaining a formal database which would be more practical and sophisticated. Great Basin Primary Care Association, in collaborative efforts with WICHE, has a suitable database and has offered to assist with the set-up. Note: All procedures have been informally revised and have been implemented as of 7/04 with onset of new personnel.

6. Finding: Revise regulations governing loan and practice requirements.

Response: WICHE is working with the Attorney General's Office to implement the new Nevada Administrative Code.

7. Finding: Periodically conduct a thorough review of regulations to ensure they are complete and current.

Response: WICHE will develop and implement a policy for periodic review of regulations to ensure they are complete and up to date.

8. Finding: Develop and implement procedures to help ensure compliance with statutory requirements, including:

- providing participants with practice questionnaire forms annually and ensuring forms are completed and returned;
- seeking Commission approval for all pro bono contracts;
- obtaining Board of Examiners' approval when writing off debt;
- providing the Controller's Office with quarterly reports showing debt owed to the agency

Response: WICHE's practice questionnaire audit has been underway since 10/04 with several fields out as of today's date. The FY 2004 practice questionnaire mailing was not completed due to Program Officer Position vacancy.

A procedure to obtain Board of Examiners' approval to write off debt is in place and being implemented. The policy and procedure will be revised.

WICHE is currently completing FY 2005 quarterly reports. The procedure will be revised to reflect quarterly reporting rather than annual reporting, as it was done in the past.

9. Finding: Develop and implement policies and procedures to help ensure all decisions are adequately documented in Commission minutes and agency files, including certification of students, loan collection efforts, exemptions from requirements, and changes in policies, procedures, and regulations.

Response: WICHE's Commission meeting/minute's procedure has been updated and implemented as of 6/04, at onset of new personnel. Our Commissioners have stated that they are

now extremely pleased with the information they are receiving and the format in which they are receiving it.

Certification of students is done at commission meetings and mentioned in the minutes; however the certified list is not filed as part of the minutes.

WICHE and its Commission are restricted from mentioning the names of the certified participants in the meetings and therefore do not include the list as part of the minutes. The approved certified lists are kept according to EY and filed by field in the application files. This information is retained for five academic years.

The noting of loan collection efforts, as mentioned in response numbers 1 and 2, has been implemented. Policies and procedures for proper documentation of exemptions from requirements and changes in policies, procedures and regulations have been updated and implemented.

10. Finding: Revise strategic plan to include all WICHE programs and develop outcome measures to assess program performance.

Response: WICHE's strategic plan will be revised to better reflect all programs and include outcome measures. This will take place during the next legislative process.

11. Finding: Report performance indicators to the Commission at least annually.

Response: WICHE is on the list as of 2/05 with the Department of Administration for assistance with performance measures. Measures will then be reported periodically to the Commission. Procedure to be written.

12. Finding: Develop and implement procedures to ensure performance indicators:

- show program performance accurately;
- Are calculated each year using a consistent methodology; and,
- Are supported by documentation that is maintained for at least 3 years.

Response: Action is the same as in response #10.

We would like to extend our gratitude to the Legislative Audit Division for conducting a thorough evaluation of WICHE practices. The recommendations given are beneficial to the agency's management and staff to further the success of WICHE programs and placement of qualified professionals throughout the state of Nevada.

Sincerely,



Ron Sparks
Executive Director
State of Nevada WICHE

Number of Loans	Graduation Date	Field	Total Outstanding	Last Payment	Last Contact	Time Since Last Contact	Comments	WICHE's Update as of 4/21/05
1	1979*	Dentistry	\$ 4,190	Oct 1995	Nov 1998	5 yrs 7 mos	Bankruptcy 1998	Sent to Collections; 2/05
2	1982	Vet. Medicine	\$ 23,356	None	Apr 1993	11 yrs 2 mos	No payments Jan 2001 to May 2004	New Address Found; Due and Payable Ltr. sent Closed Account
3	1984	Optometry	\$ 12,225	May 2004	Jun 2004	10 yrs 11 mos	Apr 2004 - agreed to start making payments, no documented contact	Sent to Collections; 2/05
4	1984	Dentistry	\$ 51,696	None	Jul 1993	5 yrs 4 mos	May 1994 to Apr 2004	Sent to Collections; 2/05
5	1985	Law	\$ 4,050	Jan 1995	Feb 1999	5 yrs 4 mos	Bankruptcy 1992	Due and Payable Ltr Sent. To Be AG referred.
6	1987	Optometry	\$ 10,396	Aug 1992	Apr 2004	2 mos	No contact Dec 2000 to Apr 2004, made payment Jun 2004	AG Referred
7	1988	Optometry	\$ 10,342	Apr 1995	May 2001	3 yrs 1 mo	Bankruptcy 1992	Closed Account
8	1988	Dentistry	\$ 3,175	Jun 2004	Jun 2004			AG Referred
9	1989	Physical Therapy	\$ 22,082	None	Sep 1998	5 yrs 9 mos	No documented contact	AG Referred
10	1989	Law	\$ 11,865	Dec 1998	Apr 2004	2 mos	Apr 2001 to Mar 2004	AG Referred
11	1990	Optometry	\$ 3,030	Aug 1997	May 1998	6 yrs 1 mo	Bankruptcy 1998	Sent to Collections; 2/05
12	1990	Dentistry	\$ 20,185	Mar 2003	Jun 2004		\$2,000 payment in Jul 2004, negotiating pro bono work	Closed Account; Payments being made.
13	1991	Dentistry	\$ 86,017	Nov 1996	May 2004	1 mo	No documented contact from May 1999 to May 2004	Closed Account; Payments being made; Pro Bono
14	1991	Law	\$ 17,375	May 1996	Jan 2002	2 yrs 5 mos	Bankruptcy 1998	Practice Complete; Write off on STL Bai
15	1991	Vet. Medicine	\$ 31,891	May 1998	May 1998	6 yrs 1 mo		Closed Account; Payments
16	1992	Law	\$ 17,658	Oct 2003	Mar 2004	3 mos	Bankruptcy 1994	AG Referred; To be placed on Commission agenda
17	1992	Vet. Medicine	\$ 20,816	None	Jun 1994	10 yrs		Sent to Collections; 2/05
18	1993*	Pharmacy	\$ 15,846	None	Aug 2000	3 yrs 10 mos		Sent to Collections; 2/05
19	1994	Law	\$ 20,227	Sep 1999	Apr 2004	2 mos	No payments from 1997 to 2001	Sent to Collections; 2/05
20	1996	Vet. Medicine	\$121,644	Jul 2003	Jun 2004			Payment agreement reached.
21	1997	Law	\$ 1,321	Jan 2002	May 2002	2 yrs 1 mo		Sent to Collections; Payments being made.
22	1997	Physician Asst.	\$ 3,990	Sep 1999	Jan 2003	1 yr 5 mos	Attempted to contact Jun 2004.	AG Referred
23	1998*	Pharmacy	\$ 4,193	Jul 2001	Oct 2001	2 yrs 9 mos	In bankruptcy 2002	Closed Account; Payments
24	1998	Vet. Medicine	\$ 22,663	Oct 2001	Oct 2001	2 yrs 8 mos	Also need to convert stipend to a loan (about \$18,000)	Sent to Collections; 2/05
25	1998	Law	\$ 6,257	None	May 1998	6 yrs 1 mo	Bankruptcy 2002	Sent to Collections; 2/05
26	1998	Pharmacy	\$ 24,525	May 2004	May 2004	1 mo	Active bankruptcy case, payments frozen until resolved	Closed Account; Payments
27	1999	Dentistry	\$ 15,995	Aug 2002	Dec 2003	6 mos		Closed Account; Payments; Pro Bono
28	2002	Dentistry	\$ 19,573	None	Jun 2004			Closed Account; Payments; Pro Bono
Totals	35		\$606,573					

**Western Interstate Commission for Higher Education
Response to Audit Recommendations**

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Implement an aged accounts receivable tracking system	<u> X </u>	<u> </u>
2	Implement policies and procedures governing the debt tracking system, collection actions, and timeframes	<u> X </u>	<u> </u>
3	Provide periodic reports to the Commission on actions taken to ensure participants comply with program requirements including: loan collections; cases referred to the Office of the Attorney General; the number and type of exceptions granted; and the amount of interest, penalties, and practice forgiven or extended	<u> X </u>	<u> </u>
4	Update and follow the policies and procedures manual to improve assurance that participants are treated consistently and comply with all program requirements.....	<u> X </u>	<u> </u>
5	Revise regulations governing loan and practice requirements.....	<u> X </u>	<u> </u>
6	Periodically conduct a thorough review of regulations to ensure they are complete and current.....	<u> X </u>	<u> </u>
7	Develop and implement procedures to help ensure compliance with statutory requirements, including: <ul style="list-style-type: none"> • providing participants with practice questionnaire forms annually and ensuring forms are completed and returned; • obtaining Board of Examiners' approval when writing off debt; and • providing the Controller's Office with quarterly reports showing debt owed to the agency..... 	<u> X </u>	<u> </u>
8	Develop and implement policies and procedures to help ensure all decisions are adequately documented in Commission minutes and agency files, including certification of students, loan collection efforts, exemptions from requirements, and changes in policies, procedures and regulations.....	<u> X </u>	<u> </u>

Western Interstate Commission for Higher Education
Response to Audit Recommendations
 (continued)

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
9	Revise strategic plan to include all WICHE programs and develop outcome measures to assess program performance.....	<u> X </u>	<u> </u>
10	Report performance indicators to the Commission at least annually.....	<u> X </u>	<u> </u>
11	Develop and implement procedures to ensure performance indicators: <ul style="list-style-type: none"> • show program performance accurately; • are calculated each year using a consistent methodology; and • are supported by documentation that is maintained for at least 3 years..... 	<u> X </u>	<u> </u>
	TOTALS	<u> 11 </u>	<u> 0 </u>