

Audit Highlights



Western Interstate Commission for Higher Education

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 In addition, WICHE's regulations, policies, and procedures are outdated, incomplete, and difficult to understand.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.

WICHE lacks an effective process to identify, track, and resolve delinquent loans timely. It 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 tracks debt over 1 year delinquent that has been referred to the Deputy Attorney General for collection action. No written procedures govern when to place or remove loans from the report. Because of these weaknesses, loans were removed from the report without being resolved.

WICHE did not use all available options when pursuing delinquent accounts. Generally, it 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 example, one participant owed WICHE about \$7,000 and did not make payments in 2001, 2002, or 2003. 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.

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.

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.

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.

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.

Highlights of Legislative Auditor report on the Western Interstate Commission for Higher Education issued on May 9, 2005. Report #LA06-03.

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.

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.

Purpose of Audit

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.

Audit Recommendations

This report contains 11 recommendations to improve WICHE's financial and administrative practices.

Status of Recommendations

WICHE's 60-day plan for corrective action is due on August 3, 2005. In addition, the six-month report on the status of audit recommendations is due on February 3, 2006.