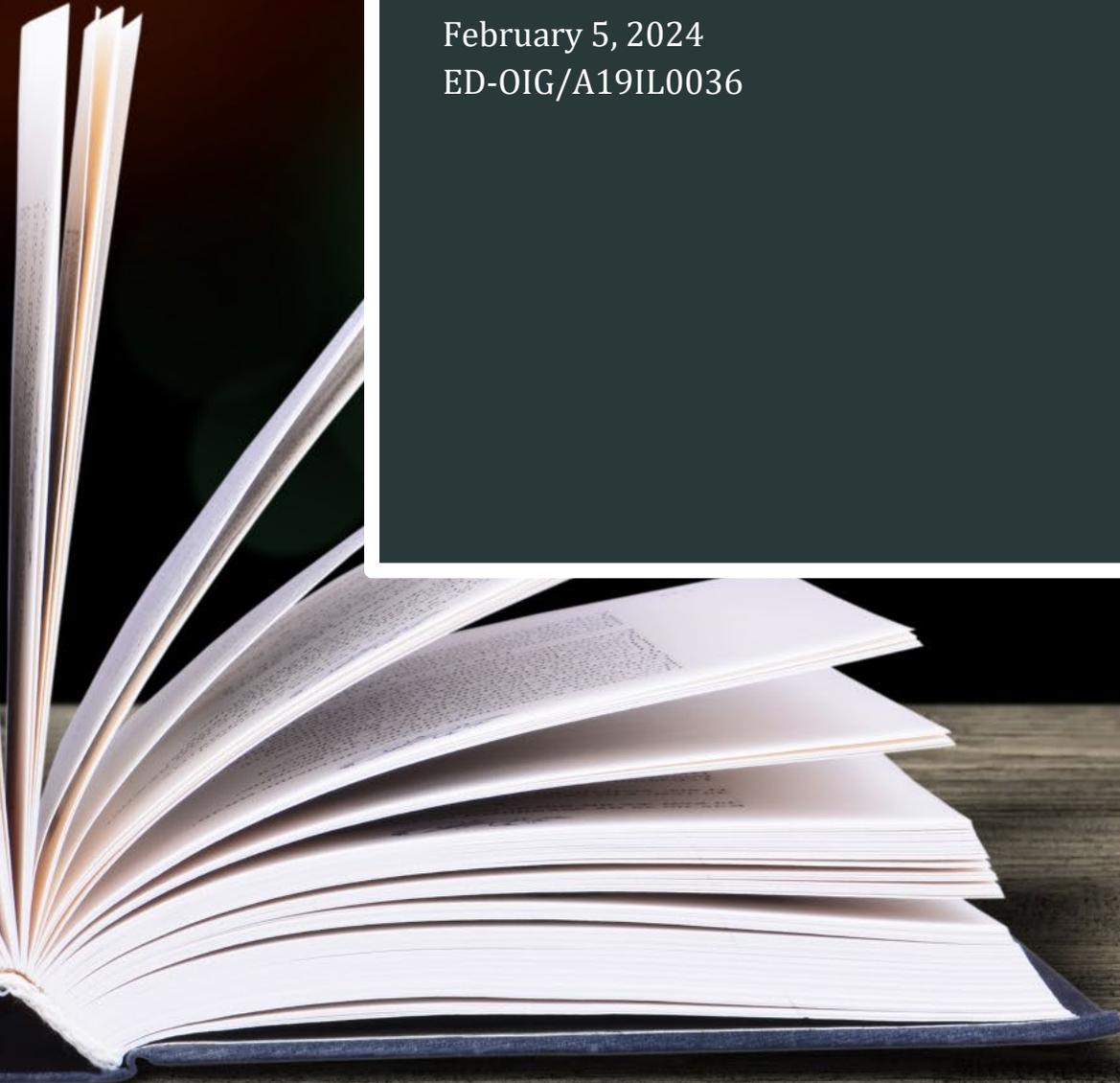




U.S. Department of Education
Office of Inspector General

UEI College's Career Pathway Programs

February 5, 2024
ED-OIG/A19IL0036



NOTICE

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. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

February 5, 2024

Dr. Fardad Fateri
President and CEO
International Education Corporation
16485 Laguna Canyon Road, Suite 300
Irvine, California 92618

Dear Dr. Fateri:

Enclosed is our final audit report, "UEI College's Career Pathway Programs" Control Number ED-OIG/A19IL0036. This report incorporates the comments you provided in response to the draft report. The U.S. Department of Education's policy is to expedite audit resolution by timely acting on findings and recommendations. Therefore, if you have any additional comments or information that you believe might have a bearing on the resolution of this audit, you should send them to the following U.S. Department of Education official, who will consider them before taking final Departmental action on this audit:

Richard Cordray
Chief Operating Officer
Federal Student Aid
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

We appreciate your cooperation during this audit. If you have any questions, please contact Greg Bernert, Assistant Regional Inspector General for Audit, at (312) 730-1656 or Gregory.Bernert@ed.gov or me at (312) 730-1658 or Gary.Whitman@ed.gov.

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General for Audit
Chicago/Kansas City Audit Region

Table of Contents

Results in Brief	1
Introduction	6
Finding 1. UEI College’s Career Pathway Programs Met All Requirements to be Considered Eligible Career Pathway Programs.....	9
Finding 2. Students Enrolled in UEI College’s Career Pathway Programs Received Passing Scores on a Department-Approved ATB Test	15
Finding 3. UEI College Properly Excluded the High School Component of Its Career Pathway Programs from Students’ Enrollment Statuses and Costs of Attendance	27
Appendix A. Scope and Methodology.....	28
Appendix B. Acronyms and Abbreviations.....	33
UEI College’s Comments	34

Results in Brief

What We Did

International Education Corporation (IEC) owns United Education Institute, doing business as UEI College (UEI College). The objectives of our audit were to determine whether (1) UEI College’s career pathway programs met the program eligibility requirements set forth in section 484(d)(2) of the Higher Education Act of 1965, as amended (HEA); (2) students enrolled in UEI College’s career pathway programs met the student eligibility requirements in section 484(d)(1)(A) of the HEA; and (3) UEI College excluded from students’ enrollment statuses and costs of attendance the component of its career pathway programs that enables a student to attain a high school diploma or its recognized equivalent. We evaluated UEI College’s compliance with Federal requirements relevant to career pathway programs during award year 2020–2021.¹

To accomplish our objectives, we reviewed UEI College’s policies and procedures, records, and other information relevant to the school’s determination that each of UEI College’s career pathway programs met the requirements of an eligible career pathway program in section 484(d)(2) of the HEA. We also selected a stratified statistical sample of 126 students from the population of 3,426 students who were enrolled in a UEI College career pathway program and received at least one disbursement of Title IV funds for award year 2020–2021. Finally, we obtained and reviewed UEI College’s ATB testing policies and the ATB test publisher’s user manual and interviewed IEC officials; ATB test administrators; and UEI College campus presidents, admissions office employees, and students to assess whether the ATB tests that the students included in our sample took were independently administered in accordance with Title 34 Code of Federal Regulations (C.F.R.) section 668.151.²

What We Found

All eight of UEI College’s career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA. While we concluded that UEI College’s career pathway programs satisfied the program eligibility requirements in section 484(d)(2) of the HEA, the school did not always retain sufficient documentation

¹ Our audit only covered UEI College, Huntington Park, California (OPEID 025593), and 10 additional UEI College campuses (see [Background](#) for a list of the campuses). Our audit did not cover any other UEI College campuses or any other IEC-owned or operated schools.

² All references to the C.F.R. are to the July 1, 2020, version.

to show that the students included in our sample received counseling to support them in achieving their career goals.

We concluded that the students included in our sample received counseling to support them in achieving their education goals. However, UEI College's records did not show that 26 percent (21) of the 82 students included in our sample who should have received counseling to support them in achieving their career goals received such counseling.³ Without records showing that all students received counseling to support them in achieving their career goals, UEI College cannot adequately demonstrate that it is equipping all students enrolled in its career pathway programs with essential professional skills like resume writing, interviewing, job searches, and networking. A lack of such professional skills could impair the students' chances of obtaining employment and succeeding in their chosen professions ([Finding 1](#)).

In addition to UEI College's eight career pathway programs being eligible career pathway programs, the school's records showed that all 126 students included in our sample received passing scores on a Department-approved ATB test, as required by section 484(d)(1)(A) of the HEA. We concluded that the ATB tests for students included in our sample from eight of UEI College's campuses were independently administered in compliance with 34 C.F.R. section 668.151 and the test publisher's rules. However, we could not conclude whether the ATB tests taken by the students included in our sample from three of UEI College's campuses (Morrow, Georgia, and Chula Vista and West Covina, California) were independently administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher's rules ([Finding 2](#)).

Finally, UEI College properly excluded the high school completion component of its career pathway programs from the enrollment statuses and costs of attendance for all 126 students included in our sample ([Finding 3](#)).

What We Recommend

We recommend that the Chief Operating Officer for Federal Student Aid direct UEI College to retain adequate documentation to demonstrate that all students enrolled in its career pathway programs receive the career counseling required by school policy. We also recommend that the Chief Operating Officer for Federal Student Aid (1) require UEI College to provide additional evidence demonstrating that the ATB tests taken by

³ Only 82 of the 126 students included in our sample had reached the midpoint of their programs and, according to UEI College policy, should have had at least 1 counseling session during which their career goals were discussed.

students at its Morrow, Georgia, and Chula Vista and West Covina, California, campuses during award year 2020–2021 were administered in accordance with Federal regulations and the test publisher’s policies; (2) evaluate the additional evidence, if any, that UEI College provides and determine whether it is sufficient to support that ATB tests at the three campuses were independently administered during award year 2020–2021; (3) require UEI College to return all Title IV funds disbursed to students for whom Federal Student Aid determines ATB tests at the three campuses were not independently administered during award year 2020–2021; and (4) take appropriate action pursuant to subpart G of 34 C.F.R. Part 668 if UEI College awarded Title IV funds based on ATB tests that were not independently administered.

UEI College’s Comments

We provided a draft of this report to UEI College for comment on May 22, 2023. We received the school’s comments on the draft report on June 21, 2023. We summarize the school’s comments at the end of each finding and provide the full text of the comments at the end of this report (see [UEI College’s Comments](#)). However, we did not include the exhibits that UEI College provided with its comments because they were too voluminous. Copies of the exhibits are available upon request.

UEI College agreed with Findings 1 and 3 and described actions it has taken to improve its documentation of student counseling. However, UEI College disagreed with [Finding 2](#), stating that the

1. draft report finding failed to mention new ATB testing policies relevant to the audit period,
2. ATB test administrators’ violations of test publisher policy was not noncompliance on the part of the school,
3. draft report lacked specificity about and consideration of allowable test administrator assistance,⁴
4. independent and proper administration of ATB tests was not one of the OIG’s audit objectives and was outside the audit scope,
5. OIG’s objectivity might have been affected by Federal Student Aid’s ongoing investigation of another IEC-owned school,

⁴ According to UEI College, the ATB test publisher’s policy allowed test administrators to help students during practice sessions for the ATB test.

6. draft report did not include any of the necessary elements of a finding, and
7. OIG's conclusions in the draft report were not supported by sufficient and appropriate evidence.

OIG Response

The counseling-related actions that UEI College described, if implemented as intended, will address the recommendation for Finding 1.

Regarding UEI College's comments on Finding 2:

1. Neither UEI College nor IEC officials provided us with evidence of their new ATB testing policies while we were conducting the audit.
2. UEI College's use of a third-party servicer to administer ATB tests did not relieve the school of its responsibility for compliance with the HEA and regulations (34 C.F.R. section 668.1(a)).
3. We did not consider the possibility that any assistance given to students by test administrators was allowable under the test publisher's policy because none of the test administrators or students we interviewed indicated that the help they gave or received occurred during practice sessions for the ATB test.
4. The additional work relevant to the independent and proper administration of ATB tests was necessary to determine whether students met the eligibility requirements in section 484(d)(1)(A) of the HEA and was not outside the audit scope.
5. Federal Student Aid's ongoing investigation of another IEC-owned school did not affect our independence or objectivity; any time new information comes to our attention, we reassess our audit risk and design procedures to reduce our audit risk to a level acceptable to us.
6. We used potential anomalies in the draft of this report to explain the evidence that we could collect, not to say that those potential anomalies were findings in and of themselves. To avoid confusion, we have revised the report to replace "potential anomalies" with "instances of noncompliance."
7. We obtained sufficient testimonial evidence—through first-person accounts from test administrators and students—to conclude that the ATB tests for students included in our sample who attended eight of UEI College's campuses were independently administered. That testimonial evidence was also sufficient to conclude that the ATB tests taken by the students included in our sample who attended three of the school's campuses (Morrow, Georgia, and Chula Vista and West Covina, California) might not have been independently

administered. Accordingly, rather than recommending a thorough review of ATB test administration at all UEI College campuses as we did in the draft of this report, we are recommending a thorough review of ATB test administration at only three campuses.

Introduction

Background

International Education Corporation (IEC) owns United Education Institute, doing business as UEI College (UEI College), Huntington Park, California (OPEID 025593). UEI College is a proprietary institution of higher education as defined in Title 34 Code of Federal Regulations (C.F.R.) section 600.5. It offers short-term postsecondary education diploma programs. According to its Eligibility and Certification Approval Report (effective through December 31, 2023), UEI College operated 11 campuses—Mesa and Phoenix Arizona; Chula Vista, Encino, Garden Grove, Huntington Park, Oceanside, Ontario, Stockton, and West Covina, California; and Morrow, Georgia—during award year 2020–2021 (July 1, 2020, through June 30, 2021). During award year 2020–2021, UEI College’s total enrollment was about 12,500 students, about 3,400 of whom were enrolled in the school’s 8 career pathway programs. The Accrediting Council for Continuing Education and Training accredited UEI College.

The purpose of the Title IV of the Higher Education Act of 1965, as amended (HEA), programs is to provide financial assistance through grants, work-study, and loans to students and their parents. During award year 2020–2021, UEI College participated in the Federal Pell Grant Program, William D. Ford Federal Direct Loan Program, Federal Supplemental Educational Opportunity Grant Program, and Federal Work-Study Program. For award year 2020–2021, UEI College disbursed to students more than \$108 million in Title IV funds, including more than \$27 million to students enrolled in its eight career pathway programs.

The HEA and Career Pathway Programs

In December 2014, Congress amended section 484(d) of the HEA to allow a student who does not have a high school diploma or its recognized equivalent, or who did not complete a secondary school education in a homeschool setting, to be eligible for Title IV funds. The student could be eligible for these funds only if the student was enrolled in an eligible career pathway program and (1) passed an independently administered ATB test approved by the Secretary of Education, (2) completed at least 6 credit hours (or equivalent coursework) that are applicable toward a degree or certificate offered by the school, or (3) was determined able to benefit from postsecondary education or training in accordance with a State process approved by the Secretary of Education.

The Workforce Innovation and Opportunity Act (Public Law 113-128, enacted July 22, 2014) requires States to align workforce development programs to coordinate the needs of employers and individuals, including low-skilled adults, youth, and individuals with

barriers to employment. The programs should include strategies to help workers and job seekers access employment, education, training, and support services needed to succeed in the labor market and to match employers with the skilled workers they need to compete in the economy. The Consolidated Appropriations Act of 2016 (Public Law 114-113) amended section 484(d) of the HEA, revising the definition of an eligible career pathway program to align with the definition of a career pathway in section 3 of the Workforce Innovation and Opportunity Act.

Section 484(d)(2) of the HEA now defines an eligible career pathway program as a program that combines rigorous and high-quality education, training, and other services that

- align with the skill needs of industries in the State or regional economy;
- prepare students to be successful in a range of secondary or postsecondary education options, including apprenticeships;
- include counseling to support students in achieving their education and career goals;
- offer education concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;
- organize education, training, and other services to meet the needs of students in a manner that accelerates their education and career advancement;
- enable students to attain a high school diploma or its equivalent and at least one postsecondary education credential; and
- help students enter or advance within a specific occupation or occupational cluster.

Section 484(d) of the HEA does not require schools' career pathway programs to be approved by the U.S. Department of Education (Department). Each school makes its own determination whether its program is an eligible career pathway program; however, the Department may review the eligibility of the programs through audits and program reviews.

UEI College's Career Pathway Programs and Student Outcomes

In response to the HEA amendments and subsequent Department guidance, UEI College evaluated its existing postsecondary education programs to determine whether they fit within the guidelines of eligible career pathway programs. After determining that some

of them met the requirements, the school started offering eight of its postsecondary education programs as career pathway programs in August 2015.

During award year 2020–2021, 3,426 students were enrolled in UEI College’s 8 career pathway programs—Automotive Technician; Business Office Administration; Dental Assistant; Electrician Technician; Heating, Ventilation, and Air Conditioning; Medical Assistant; Medical Billing and Insurance Coding; and Medical Office Specialist.⁵

According to the Vice President of Student Finance and Records Management for IEC, as of May 11, 2023, 923 (27 percent) of the 3,426 students had earned a high school diploma or its recognized equivalent. Also, 1,755 (51 percent) of the 3,426 students had completed their postsecondary education program, and 826 (47 percent) of those 1,755 students had also earned their high school diploma or its recognized equivalent.⁶

For the 3-year period ended June 30, 2021, UEI College had enrolled 6,647 students in its 8 career pathway programs. As of May 11, 2023, 1,503 (23 percent) of those students had earned their high school diploma or its recognized equivalent, and 3,162 (48 percent) had completed their postsecondary education program.

⁵ During award year 2020–2021, UEI College offered three other programs—Criminal Justice, Pharmacy Technician, and Welding—that it did not offer as career pathway programs.

⁶ IEC provided us the outcome data. We did not verify the reliability of the data.

Finding 1. UEI College’s Career Pathway Programs Met All Requirements to be Considered Eligible Career Pathway Programs

All eight of UEI College’s career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA. Therefore, students enrolled in the school’s eight career pathway programs could have been eligible to receive Title IV funds.⁷

While all eight of UEI College’s career pathway programs satisfied the program eligibility requirements in section 484(d)(2) of the HEA, the school did not retain sufficient documentation to show that all students enrolled in those programs received counseling to support them in achieving their career goals. As a result, UEI College could not demonstrate that it equipped all students in its career pathway programs with essential skills necessary to succeed in their careers.

All Eight Career Pathway Programs Satisfied All Seven Program Eligibility Requirements

All eight of UEI College’s career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA:

- 1. Aligns with the skill needs of industries in the State or regional economy.**

According to UEI College’s policy (“[Eligible Career Pathway Program] Program Outline, Elements and Structure”), the school designed its career pathway programs to provide the skills and training required for graduates to obtain employment and meet the needs of employers in the regional economy. Additionally, each UEI College campus conducted advisory board meetings with local employers to obtain feedback on the needs of the local market and whether the school's career pathway programs were meeting those needs. Lastly, according to statistics that UEI College reported to its accrediting agency, the school generally met its benchmarks for completion and job placement rates for students enrolled in its postsecondary education programs, including those enrolled in its career pathway programs. Therefore, we concluded that

⁷ Students enrolled in eligible career pathway programs must still meet the career pathway program-related student eligibility requirements in section 484(d)(1)(A) of the HEA; they also must meet the Title IV general student eligibility requirements in subpart C of 34 C.F.R. section 668.

UEI College designed its career pathway programs to align with the skill needs of industries in the State or regional economies where its campuses were located.

2. **Prepares students to be successful in a range of secondary or postsecondary education options, including apprenticeships.** According to UEI College’s policy (“[Eligible Career Pathway Program] Program Outline, Elements and Structure”), the adult education component of the school’s career pathway programs allowed students to increase their ability to read, write, and speak in English and perform mathematics so that they could earn a high school diploma or its recognized equivalent. Additionally, the postsecondary component of UEI College’s career pathway programs prepared students for entry-level careers in their respective fields. UEI College’s policy noted that the school designed its career pathway programs so that a student could enter the workforce and then later decide to pursue additional education. Therefore, we concluded that UEI College designed its short-term diploma programs so they could lead to additional diplomas, degrees, or credentials if the student decided the additional diplomas, degrees, or credentials would benefit them.
3. **Includes counseling to support students in achieving their education and career goals.** According to UEI College’s policy (“[Eligible Career Pathway Program] Program Outline, Elements and Structure”), each student enrolled in a career pathway program should have received at least two education-related counseling sessions—one at the start of the student’s program and one at the midpoint of the student’s program. Also, each student should have received at least two career-related counseling sessions—one at the midpoint of the student’s program and another before the student graduates or begins their externship. Therefore, we concluded that UEI College designed its career pathway programs to provide students with counseling sessions to support them in achieving their education and career goals.

To assess whether UEI College implemented its policy as designed, we reviewed (a) advisement forms, (b) emails between advisors and students, (c) logs of communications between advisors and students, and (d) externship guidance that the school provided to a stratified statistical sample of 126 students. We concluded that students enrolled in each of the school’s eight eligible career pathway programs received counseling to support them in achieving their education goals; however, the school did not always provide us with records showing that students enrolled in each of its career pathway programs received counseling to support them in achieving their career goals (see [School Records Showed That Students Received Education-Related Counseling but Did Not Always Receive Career-Related Counseling](#)).

4. **Offers education concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster.** According to UEI College’s catalog, three of the school’s eight career pathway programs included practical application of skills in a laboratory or workshop setting. The other five UEI College career pathway programs included an externship during which students received on-the-job training with local employers. Therefore, we concluded that UEI College designed all eight of its career pathway programs to include workforce preparation activities and training for specific occupations or occupational clusters.
5. **Organizes education, training, and other services to meet the needs of students in a manner that accelerates their education and career advancement.** According to UEI College’s catalog, all eight of the school’s career pathway programs were less than 1 year, allowing students to complete their high school education and skills-based training and earn a postsecondary education credential in a short time. UEI College also offered day and night classes and modular curriculum, allowing students to start their program of study at any module without completing any prerequisite courses. Therefore, we concluded that the school designed its career pathway programs to meet students’ needs in a manner that accelerated their educational and career advancement.
6. **Enables students to attain a high school diploma or its equivalent and at least one recognized postsecondary education credential.** According to UEI College’s catalog, students were required to enroll and participate in a high school completion program while enrolled in one of the school’s career pathway programs. UEI College partnered with three adult education providers to provide the high school completion programs. Additionally, the Accrediting Council for Continuing Education and Training approved all eight of UEI College’s career pathway programs as short-term postsecondary education programs. Therefore, we concluded that the school designed its career pathway programs to enable students to earn a high school diploma or its recognized equivalent and at least one recognized postsecondary education credential.
7. **Helps students enter or advance within a specific occupation or occupational cluster.** According to UEI College’s catalog, the school designed its career pathway programs to provide students with the knowledge and practical skills necessary for an entry-level career in the student’s chosen occupation. Additionally, the school’s catalog indicated that UEI College designed the laboratory coursework and externship components of its career pathway programs to provide students with hands-on experience to prepare them to

enter the workforce. Therefore, we concluded that UEI College designed its career pathway programs to help students enter or advance within a specific occupation or occupational cluster.

School Records Showed That Students Received Education-Related Counseling but Did Not Always Receive Career-Related Counseling

While we concluded that all eight of the school's eight career pathway programs satisfied all seven of the program eligibility requirements in section 484(d)(2) of the HEA, UEI College did not always retain sufficient documentation to show that students received counseling to support them in achieving their career goals.

According to UEI College's policy ("[Eligible Career Pathway Program] Program Outline, Elements and Structure"), advisors were required to document counseling sessions with students on an advisement form. The advisement form included sections where the advisor could describe the student's strengths, risk factors, and opportunities; it also included a section where the advisor could write an action plan for achieving the student's goals. Additionally, the advisement form provided space for additional notes or comments from the advisor and student. Documentation that we considered sufficient to show that a student received counseling to support them in achieving their education goals were advisement forms that included details about the student's progress in the high school completion component or postsecondary education program, barriers to the student's progress, and education-related goals and action plans. Documentation that we considered sufficient to show that a student received counseling to support them in achieving their career goals were advisement forms that included notes about resume writing, interviewing skills, job searches, networking, or other professional skills.

To determine whether the school's records showed that UEI College provided counseling to support students in achieving their education and career goals, we selected a stratified statistical sample of 126 of the 3,426 students who were enrolled in the school's 8 career pathway programs and received at least 1 disbursement of Title IV funds for award year 2020–2021. For each of the 126 students, we reviewed (a) advisement forms, (b) emails between advisors and students, (c) logs of communications between advisors and students, and (d) externship guidance that the school provided to students.

UEI College's records showed that 96 percent (121) of the 126 students included in our sample received counseling that supported them in achieving their education goals. Two of the 126 students who did not receive such counseling withdrew before completing their first course. The other three students attempted three or fewer

courses; UEI College tried to contact them to provide counseling but the students did not respond.

According to UEI College's policy ("[Eligible Career Pathway Program] Program Outline, Elements and Structure"), students should have received counseling to support them in achieving their career goals at the midpoint of their career pathway program; also, students should have participated in a second career-related counseling session before graduation or the externship portion of their program. Of the 126 students included in our sample, 82 had passed the midpoint of their career pathway programs. UEI College's records showed that only 74 percent (61) of those 82 students received counseling that supported them in achieving their career goals. The advisement forms and other school records for 26 percent (21) of the 82 students did not show that the advisor and student discussed any career-related topics, such as resume writing, interviewing skills, job searches, networking, or other professional skills, during counseling sessions. Instead, the records only included details relevant to education-related topics.

According to 34 C.F.R. section 668.24(a)(2), a school must maintain records that document the eligibility of its educational programs. Dear Colleague Letter GEN-16-09 states that schools must maintain documentation that their career pathway programs meet the seven requirements of eligible career pathway programs in section 484(d) of the HEA. One of the seven eligibility requirements is that a career pathway program must provide students with counseling to support them in achieving their education and career goals. According to element 3 of UEI College's policy ("[Eligible Career Pathway Program] Program Outline, Elements and Structure"), students should have received an initial career counseling session at the midpoint of their enrollment in the career pathway program and a second career counseling session before graduation or before the externship point of the program. The school's policy described career counseling as providing students with a career readiness assessment as well as guidance and coaching "regarding resume writing, interviewing skills, job searches, networking and the 'soft skills' students need for workplace readiness and job retention."

Without records showing that all students received counseling to support them in achieving their career goals, UEI College cannot demonstrate that it equipped all students enrolled in its career pathway programs with essential professional skills like resume writing, interviewing, job searches, and networking. A lack of such professional skills could impair students' chances of obtaining employment and succeeding in their chosen professions.

Recommendation

We recommend that the Chief Operating Officer for Federal Student Aid direct UEI College to—

- 1.1 Retain sufficient records to show that all students enrolled in its career pathway programs received the career counseling required by school policy.

UEI College's Comments and OIG Response

UEI College agreed with the finding, stating that the pandemic delayed and adversely affected in-person student advisement. Discussions with students about career-related topics during advisement sessions were not consistently documented, in part, because the school used a general advisement form for both education and career counseling. Therefore, UEI College has developed separate forms to document education and career advisement sessions for career pathway program students. It also has upgraded its systems to alert advisors to schedule and conduct required advisement sessions.

We have not evaluated UEI College's implementation of these corrective actions. However, if implemented as described, the corrective actions are responsive to our recommendation.

Finding 2. Students Enrolled in UEI College’s Career Pathway Programs Received Passing Scores on a Department-Approved ATB Test

Students enrolled in UEI College’s career pathway programs received passing scores on a Department-approved ATB test, as required by section 484(d)(1)(A) of the HEA. Additionally, we concluded that the ATB tests taken by the students included in our sample from 8 of UEI College’s 11 campuses were independently administered in compliance with 34 C.F.R. section 668.151 and the test publisher’s rules. However, we could not conclude whether the ATB tests taken by the students included in our sample from three of UEI College’s campuses were independently administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher’s rules.

Section 484(d) of the HEA allows a student who does not have a high school diploma or its recognized equivalent, or a student who did not complete a secondary school education in a homeschool setting, to be eligible for Title IV funds. The student could be eligible for these funds only if the student was enrolled in an eligible career pathway program and (a) passed an independently administered ability-to-benefit (ATB) test approved by the Secretary of Education, (b) completed at least 6 credit hours (or equivalent coursework) that are applicable toward a degree or certificate offered by the school, or (c) was determined able to benefit from postsecondary education or training in accordance with a State process approved by the Secretary of Education.

To determine whether students enrolled in the school’s career pathway programs met these student eligibility requirements, we selected a stratified statistical sample of 126 of the 3,426 students who were enrolled in UEI College’s career pathway programs and received at least 1 disbursement of Title IV funds for award year 2020–2021. None of the 126 students enrolled in a UEI College career pathway program based on completing 6 credit hours of postsecondary education that were applicable toward a degree or certificate offered by the school or based on being determined able to benefit from postsecondary education or training in accordance with a State process approved by the Secretary of Education. Therefore, to determine whether the 126 students included in our sample met the student eligibility requirements, we reviewed the school’s records for evidence that the students received a passing score on a Department-approved and independently administered ATB test. UEI College’s records showed that all 126 students received a passing score on a Department-approved ATB test, as required by section 484(d)(1)(A) of the HEA. However, the ATB tests taken by the students were not always independently administered.

According to 34 C.F.R. section 668.151(b), an ATB test is independently administered if it is given at an assessment center by a certified test administrator who is an employee of the assessment center or by an independent test administrator who maintains the test at a secure location. Title 34 C.F.R. section 668.142 defines a test administrator as an individual who is certified by the test publisher to administer ATB tests, protects the ATB tests and results from improper disclosure, and is not compensated based on students' ATB test outcomes. An independent test administrator also (1) has no current or prior financial or ownership interest in the school, its affiliates, or its parent corporation; (2) has no controlling interest in any school; (3) is not a current or former member of the board of directors, a current or former employee of or a consultant to a member of the board of directors, chief executive officer, chief financial officer of the school, its affiliates, or its parent corporation or of any other school; and (4) is not a current or former student.

A test is not independently administered if a school compromises test security or test procedures, pays a test administrator a bonus or other incentive based on test scores or pass rates, or otherwise interferes with the test administrator's independence or the administration of tests (34 C.F.R. section 668.151(c)).

To determine whether the ATB tests for the 126 students included in our sample were independently administered, we obtained ATB test administrator certificates from the school and screenshots of certification data from the ATB test publisher's system. The certificates and certification data showed that all 34 people who administered the ATB tests for the 126 students were certified by the ATB test publisher when they administered the tests.⁸ We also reviewed UEI College's ATB testing policies and the ATB test publisher's user manual. The testing policies and user manual each prescribed ATB testing procedures that test administrators were expected to follow. Those procedures aligned with the requirements in 34 C.F.R. section 668.151. Additionally, we interviewed

- the Chief Financial Officer, Vice President of Student Finance and Records Management, and Director of Financial Aid Operations for IEC;

⁸ IEC provided us with certificates from the ATB test publisher showing that 28 of the 34 test administrators were certified when they administered the ATB tests. The ATB test publisher showed us computer screenshots showing that the other six test administrators were certified when they administered the ATB tests.

- the presidents of all 11 UEI College campuses;⁹
- 10 admissions office employees who worked at 3 UEI College campuses;
- the owner of the third-party service provider that supplied the individuals who administered ATB tests for UEI College during award year 2020–2021;
- 10 test administrators who collectively administered ATB tests for 48 of the 126 students included in our sample; and
- 12 of the 126 students included in our sample.

Our reviews of test administrator certificates and interviews demonstrated that all 10 ATB test administrators met the definitions of both a test administrator and an independent test administrator. None of the ATB test administrators and campus presidents described situations when ATB tests and results were unprotected from improper disclosure. Also, none of the test administrators and campus presidents that we interviewed gave any indication that ATB test administrators received any compensation, bonus, or other incentive based on students' ATB test results or pass rates. Additionally, none of the test administrators that we interviewed indicated that they had a current or prior relationship with the school.

However, 2 (20 percent) of the 10 test administrators and 2 (17 percent) of the 12 students we interviewed indicated that test security, testing procedures, or both, might have been compromised. One test administrator who administered ATB tests at UEI College's Morrow, Georgia, campus told us that they helped students by clarifying ATB test questions when it appeared the students needed help. Another test administrator who administered ATB tests at the Morrow campus told us that they were told by the third-party service provider to help students better understand the ATB test questions and were told by school officials to help students through each question on the ATB test. Additionally, one student who attended UEI College's Chula Vista, California, campus told us that their ATB test administrator helped them select correct answers. And one student who attended UEI College's West Covina, California, campus told us that their ATB test administrator helped them by rephrasing questions to make the questions easier to understand. The instructions and assistance described by the two ATB test administrators and two students are contrary to the test publisher's rules and could jeopardize the integrity of UEI College's ATB test administration process.

Because of the instances of noncompliance described by the 2 ATB test administrators and 2 students, and because only 6 of the 41 students included in our sample who

⁹ The president of the Chula Vista campus was also the president of the Oceanside campus.

attended UEI College’s Morrow, Chula Vista, and West Covina campuses agreed to be interviewed, we could not conclude whether the ATB tests taken by the students from those three campuses were independently administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher’s rules. However, because none of the ATB test administrators or students we interviewed described similar instances of noncompliance at UEI College’s other eight campuses,¹⁰ we concluded that the ATB tests for students included in our sample who attended those eight campuses were independently administered in compliance with 34 C.F.R. section 668.151 and the test publisher’s rules.

Recommendations

We recommend that the Chief Operating Officer for Federal Student Aid—

- 2.1 Require UEI College to provide additional evidence demonstrating that ATB tests taken by students at its Morrow, Georgia; Chula Vista, California; and West Covina, California, campuses during award year 2020–2021 were independently administered in accordance with Federal regulations and the test publisher’s rules.
- 2.2 Evaluate the additional evidence, if any, that UEI College provides and determine whether it is sufficient to support that ATB tests taken by students who attended the school’s Morrow, Georgia; Chula Vista, California; and West Covina, California, campuses during award year 2020–2021 were independently administered in accordance with Federal regulations and the test publisher’s rules.
- 2.3 Require UEI College to return all Title IV funds disbursed to students for whom Federal Student Aid determines ATB tests were not independently administered during award year 2020–2021.
- 2.4 Take appropriate action pursuant to subpart G of 34 C.F.R. Part 668 if UEI College awarded Title IV funds based on ATB tests that were not independently administered.

¹⁰ Mesa and Phoenix, Arizona, and Encino, Garden Grove, Huntington Park, Oceanside, Ontario, and Stockton, California.

UEI College's Comments and OIG Response

UEI College disagreed with the finding, stating that whether ATB tests were independently and properly administered was a belated focal point of the audit. Also, the draft report lacked sufficient information about the questions that the OIG asked test administrators and students, and the finding does not state whether other test administrators and students provided conflicting information. The lack of detail adversely affected UEI College's ability to respond to the finding.

UEI College also stated that (1) the draft report finding failed to mention new ATB testing policies relevant to the audit period, (2) ATB test administrators' violations of test publisher policies was not noncompliance on the part of the school, (3) the draft report lacked specificity about and consideration of allowable test administrator assistance, (4) independent and proper administration of ATB tests was not part of the OIG's audit objectives and was outside the audit scope, (5) the OIG's independence might have been affected by Federal Student Aid's ongoing investigation of another IEC-owned school, (6) the draft report finding did not include the necessary elements of a finding, and (7) the OIG's conclusions were not supported by sufficient and appropriate evidence.

UEI College's Comment: The Draft Audit Report Failed to Mention New ATB Testing Policies Relevant to the Audit Period

UEI College implemented new ATB testing policies that standardized processes across all the school's campuses during the audit period. The new policies also required training focused on proper interactions between school employees and ATB test administrators to be provided to the school's employees and the third-party servicer. Additionally, the policies required ATB test pass rates to be tracked at all UEI College campuses for quality control purposes. The OIG should have considered these improvements when drawing conclusions about UEI College's ATB test administration.

OIG Response

During our audit, neither UEI College nor IEC officials provided us with details of any new ATB testing policies. Also, UEI College did not provide us with any records showing when IEC provided training to its employees or describing the objectives and content of the training. And only 1 of the 10 UEI College campus presidents we interviewed told us that IEC tracks ATB test pass rates for quality control purposes. Therefore, we have not revised the report to discuss any details about updated ATB testing policies and have not changed our conclusions about UEI College's ATB test administration.

UEI College’s Comment: ATB Test Administrators’ Violations of Test Publisher Policies Was Not Noncompliance on the Part of the School

The OIG is holding UEI responsible for conduct delegated by law and regulation to test administrators and the test publisher. The issues identified in the finding were test administrators’ violations of the test publisher’s policy, not noncompliance by the school. The regulations in Subpart J of 34 C.F.R. Part 668 require test publishers to train and certify test administrators to ensure they have “the necessary training, knowledge, skill, and integrity to test students in accordance with [regulations] and the test publisher’s requirements.” The regulations also require the test publisher to decertify any test administrator that does not follow its policies. Because the regulations prohibit a school from directing or controlling test administrators, the test administrators are solely responsible for following the test publisher’s policies, and the test publisher is responsible for monitoring the test administrators. Therefore, UEI College should not be held responsible for any ATB test administration failures.

Additionally, test administrators are responsible for disclosing testing improprieties to the test publisher. That responsibility covers the issues identified in the finding. The test publisher is then responsible for reporting the alleged misconduct to the Department. No test administrators, the test publisher, or the third-party service provider notified UEI College of any ATB test integrity issues.

OIG Response

The regulations in Subpart J of 34 C.F.R. Part 668 require test publishers to train and monitor test administrators. They also require test administrators to follow the test publisher’s procedures. However, contracting with an unaffiliated company to hire and manage ATB test administrators made the unaffiliated company a third-party servicer as defined in 34 C.F.R. section 668.2(b). Title 34 C.F.R. section 668.1(a) states that a school’s use of a third-party servicer does not change the school’s responsibility for compliance with the law and regulations. Title 34 C.F.R. section 668.25(c)(3) states that the school and third-party servicer are jointly and severally liable for any violation of law or regulation by the third-party servicer. Accordingly, UEI College cannot pass responsibility for any violations of the law or regulations entirely to the test administrators, the third-party servicer that employed the test administrators, or the ATB test publisher. A Title IV-participating school is responsible for the actions of its third-party service providers as if those actions were its own.

UEI College’s Comment: The Draft Report Lacked Specificity about and Consideration of Allowable Test Administrator Assistance

The test publisher’s policy encourages test administrators to help students complete practice ATB test questions. The draft report did not specify whether the ATB test administrators’ assistance occurred during practice questions completed by test takers before the actual ATB test was given. The students whom the OIG interviewed might not have distinguished between these practice sessions and the actual ATB test sessions, especially given that the students might have taken their ATB tests 2 or 3 years before being interviewed.

Additionally, the draft report did not provide details about the questions that the OIG asked test administrators and students. For instance, the issues described by the two test administrators were different issues and should have raised questions about the reliability of the information that they provided. Also, the draft report did not include details identifying which school officials allegedly directed the test administrators to help students with the ATB tests. This lack of detail raises questions about the reliability of the information that the test administrators provided.

OIG Response

Neither the test administrators nor the students we interviewed indicated that the help they gave or received was during ATB test practice sessions. They told us that they either gave or received help on the ATB test. While a student might confuse the practice questions with the actual ATB test questions, an experienced test administrator would know the testing rules and be far less likely to conflate the two. Further, the test administrators and students we interviewed voluntarily provided information about their personal experiences in taking or administering ATB tests. We had no reason to question the reliability of the information that they provided. Lastly, the two test administrators reported the same issue—they were told to help students with their ATB tests if the students seemed stuck. We did not consider who told them to help students necessary to answer our audit objectives.

UEI College’s Comment: Independent and Proper Administration of ATB Tests Was Not One of the OIG’s Audit Objectives and Was Outside the Audit Scope

The independent and proper administration of ATB tests was not one of the OIG’s audit objectives; it was a belated focal point of the audit. The OIG decided to determine whether ATB tests were independently and properly administered only after learning of a pending investigation by Federal Student Aid. And the interviews that the OIG conducted after it paused and then resumed the audit were outside the audit scope.

According to paragraph 9.36 of “Government Auditing Standards,” when instances of noncompliance are not significant within the context of the audit objectives but warrant the attention of those charged with governance, auditors should communicate their findings in writing to audited entity officials. Therefore, the OIG should have reported any issues with ATB test administration separately to UEI College instead of making them a finding in the draft report.

OIG Response

The definition of an audit objective is “what the audit is intended to accomplish,” not a list of all the steps that auditors will take. Section 484(d)(1)(A) of the HEA states that students may establish eligibility by taking an independently administered ATB test. In our professional judgment, it was not possible to determine whether students enrolled in UEI College’s career pathway programs met the student eligibility requirements in the HEA without considering whether ATB tests were independently administered. Therefore, determining whether ATB tests were independently administered was necessary to address the audit objective—not a belated focal point. However, because proper administration of ATB tests is not separately a part of the HEA’s student eligibility requirements, we removed mention of proper administration of ATB tests from the finding.

The additional interviews that we conducted were not outside our audit scope. After we held our field exit conference with IEC officials in May 2022, we learned of Federal Student Aid’s investigation of another IEC-owned school. As we do any time we learn of new information that could affect our audit work, we reassessed our audit risk, including detection risk—the risk that noncompliance exists but the designed audit procedures might not detect the noncompliance. Reassessing audit risk during an audit is aligned with “Government Auditing Standards.” Paragraph 8.05 states: “In planning the audit, auditors should assess significance and audit risk. Auditors should apply these assessments to establish the scope and methodology for addressing the audit objectives. **Planning is a continuous process throughout the audit.**” [Emphasis added] Paragraph 8.16 states: “Audit risk can be reduced by taking actions such as increasing the scope of work; ... **changing the methodology to obtain additional evidence; ... or aligning the findings and conclusions to reflect the evidence obtained.**” [Emphasis added]

To reduce our audit risk to an acceptable level, we decided to expand our efforts and interview as many people as possible to obtain additional evidence. To do this, we reached out to all UEI College campus presidents, all 126 students included in our sample, and all 34 test administrators who administered ATB tests for the 126 students included in our sample. However, after numerous attempts to reach all the students and

test administrators, we decided to forgo additional attempts and issue an audit report with the evidence that we had, which we considered sufficient to support the conclusions in this finding.

UEI College’s Comment: The OIG’s Independence Might Have Been Affected by Federal Student Aid’s Ongoing Investigation of Another IEC-Owned School

Federal Student Aid’s investigation of another IEC-owned school might have affected the audit’s objectivity and the audit team’s independence. The investigation affected OIG’s audit timeline, audit objectives, and conclusions. Also, referring further investigation of potential anomalies to Federal Student Aid rather than conducting its own additional audit work shows the OIG’s lack of independence and is a threat of undue influence, which is contrary to paragraphs 3.28 and 3.30(e) of “Government Auditing Standards.”

OIG Response

Federal Student Aid’s investigation of another IEC-owned school was never a threat to our objectivity or our independence. As an organization, we have safeguards in place to protect both individual and organizational independence. After learning of Federal Student Aid’s investigation, we decided that we needed to complete additional audit procedures to collect more evidence before finalizing our conclusions. The additional interviews revealed information that we had not heard from the original group of students and test administrators we interviewed. However, because of the limited number of students who made themselves available for an interview, we could not determine the potential extent or significance of the noncompliance within the context of the audit objective. Therefore, in our professional judgment, it would not be appropriate to conclude that the ATB tests for all the students included in our sample were independently administered. We did, however, determine that the instances of noncompliance disclosed by 20 percent (2 of 10) of the test administrators and 17 percent (2 of 12) of the students we interviewed were significant enough to include as part of this finding. Doing so complies with generally accepted government auditing standards (paragraph 9.35).

Additionally, recommending that Federal Student Aid take further action does not constitute a lack of OIG independence. Federal Student Aid is responsible for resolving all findings of noncompliance identified in audit reports, both OIG reports and Title IV participating schools’ annual compliance audit reports. As part of resolving audit report findings, Federal Student Aid determines whether the auditee complied with applicable statutes, regulations, and policies. It also decides what corrective actions, if any, are necessary and assesses liabilities for noncompliance, if deemed appropriate. As stated in

the “[Notice](#)” section of this report, conclusions in this report represent the OIG’s opinion; the appropriate Department officials—in this case, the Chief Operating Officer for Federal Student Aid—determine what corrective actions should be taken.

UEI College’s Comment: The Draft Report Did Not Contain Any of the Necessary Elements of a Finding

A “potential anomaly” as reported in the draft report is not a finding as defined in “Government Auditing Standards.” While the Oxford dictionary defines an anomaly as “something that deviates from what is standard, normal, or expected,” the glossary to “Government Auditing Standards” defines a finding as: “An issue that may involve a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or instances of fraud. Elements of a finding generally include criteria, condition, cause, and effect or potential effect.” Because potential anomalies are not findings, the draft report did not contain any of the necessary elements of a finding that would help explain the need for corrective action (paragraph 6.50 of “Government Auditing Standards”).

OIG Response

As UEI College noted, an anomaly is something that deviates from what is standard, normal, or expected. We used the term because the information that we obtained from two test administrators and two students deviated from what is standard, normal, or expected. We used potential anomalies to explain the evidence that we could collect, not because we were saying that those potential anomalies were findings in and of themselves. However, to avoid confusion, we have revised the report to replace “potential anomalies” with “instances of noncompliance.”

Also, while a finding may include criteria, condition, cause, and effect or potential effect, not all elements are required for every audit finding. Paragraph 8.128 of “Government Auditing Standards” states that the elements needed for a finding are related to the objectives of the audit. Thus, a finding or set of findings is complete to the extent that the audit objectives are addressed. For this finding, condition and criteria were sufficient to address the audit objective.

UEI College’s Comment: The OIG’s Conclusions in the Draft Report Were Not Supported by Sufficient and Appropriate Evidence

The OIG’s conclusions in the draft report were not supported by sufficient and appropriate evidence, as required by paragraph 8.90 of “Government Auditing Standards.” The draft report did not describe the group of 12 students interviewed as a statistical sample of students, even though a statistical sample “generally results in

stronger evidence than that obtained from nonstatistical techniques” (paragraph 8.107). Because stronger evidence was needed, the OIG should have contacted more students to improve the quality and quantity of the evidence. The 12 student interviews were not sufficient evidence to support applying the conclusion about “potential anomalies” across the sample of 126 students or make recommendations that shift the burden to the school to provide additional evidence. The draft report failed to explain why the OIG referred this matter to Federal Student Aid instead of interviewing more students.

Additionally, “Government Auditing Standards” states that testimonial evidence is more reliable if the interviewee may speak freely and is unbiased and knowledgeable about the subject matter (paragraph 8.104). The draft report presented the negative statements of a minority of interviewees without explaining why the OIG found those statements reliable despite most interviewees directly refuting those statements.

OIG Response

The evidence that we collected was sufficient and appropriate to support the conclusions included in this finding. The information about independent administration of ATB tests that we gathered through interviews is only part of the finding; it is not a finding in and of itself. The potential anomalies we referenced in the draft report are indicative of noncompliance with the law and regulations.

The draft of this report stated that 2 of the 10 test administrators and 2 of the 12 students we interviewed indicated that test security, testing procedures, or both, might have been compromised. In our professional judgment, the statements of these four people raised a reasonable doubt about whether ATB tests taken at three of the school’s campuses were independently administered. Accordingly, we described in the draft report the limits on the amount of testimonial evidence we were able to obtain from students. Because of the limited number of students who made themselves available for an interview, we could not conclude whether ATB tests were independently administered for all 126 students included in our sample. However, 20 percent (2 of 10) of the test administrators and 17 percent (2 of 12) of the students we interviewed reported that they either gave or received help on the ATB test. While additional interviews might have added perspective into the extent and significance of the noncompliance, the error rate was significant enough to report on.

The test administrators and students we interviewed did so voluntarily; we had no reason to question whether they were speaking freely and were unbiased. Each interviewee described their personal experiences administering or taking the ATB test and provided us with as much detail as they could recall. Everybody we interviewed described their own experiences. Nobody directly refuted the statements about another’s personal experiences.

Regarding referring the matter to Federal Student Aid and recommending a more thorough review, we have reevaluated our recommendation. Because the two test administrators and two students described instances of noncompliance only at three of UEI College's campuses (Morrow, Georgia, and Chula Vista and West Covina, California), we revised the recommendations to apply to those 3 campuses rather than all 11 UEI College campuses.

Finding 3. UEI College Properly Excluded the High School Component of Its Career Pathway Programs from Students' Enrollment Statuses and Costs of Attendance

As required by Dear Colleague Letter GEN-16-09, UEI College excluded the high school completion component of its career pathway programs from students' enrollment statuses and costs of attendance. To determine whether the school complied with the requirement, we selected a stratified statistical sample of 126 of the 3,426 students who were enrolled in a UEI College career pathway program and received at least 1 disbursement of Title IV funds for award year 2020–2021.

For each of the 126 students, we reviewed UEI College's enrollment and financial aid records. We verified that the courses shown in the enrollment records for the student matched the courses for the postsecondary program that were listed in the school's catalog. We also verified that the enrollment records for the student did not include any high school completion courses. Additionally, we verified that the institutional charges shown in the school's financial aid records on each student matched the charges for the student's postsecondary program as described in the school's catalog.¹¹ Finally, we verified that the cost of attendance shown in the school's financial aid records on each student did not include costs associated with the high school completion component of the career pathway program in which the student was enrolled.

Because we did not identify any instances in which UEI College included the high school completion component in the enrollment statuses and costs of attendance of the 126 students included in our sample, we are not making any recommendations for corrective actions relevant to this finding.

UEI College's Comments

UEI College agreed with the finding.

¹¹ The charges for students enrolled in career pathway programs were not any different than the charges for students enrolled in the school's regular postsecondary education programs.

Appendix A. Scope and Methodology

Our audit only covered career pathway programs at UEI College, Huntington Park, California (OPEID 025593), and 10 additional UEI College campuses (see [Background](#)).¹² We evaluated UEI College’s compliance with Federal requirements relevant to career pathway programs during award year 2020–2021.

To accomplish our audit objectives, we first gained an understanding of the following law, regulations, guidance, and other information relevant to the audit objectives and in effect for our audit period:

- Section 484(d) of the HEA;
- Title 34 C.F.R. sections 668.24, 668.142, and 668.151;
- Department guidance in Dear Colleague Letter GEN-16-09, Electronic Announcement (EA ID: OPE Announcements-21-02) “Ability to Benefit Frequently Asked Questions,” and relevant sections of the Federal Student Aid Handbook 2020–2021; and
- lists of ATB tests approved by the Secretary of Education as shown in a June 24, 2015, electronic announcement, “Approved Ability-to-Benefit (ATB) Tests,” and 85 Federal Register 71326–71328 (November 9, 2020), “List of Approved ‘Ability-to-Benefit’ (ATB) Tests and Passing Scores.”

We then reviewed information in the Department’s Common Origination and Disbursement system and the school’s Fiscal Operations Report and Application to Participate to identify the Title IV programs in which UEI College participated during award year 2020–2021. In addition, we reviewed the school’s catalog, accreditation documents, and Eligibility and Certification Approval Report and IEC’s organizational chart to gain an understanding of UEI College’s history and locations and the parent corporation’s organizational structure. Further, we interviewed IEC officials and reviewed UEI College’s policies and procedures relevant to career pathway programs and ATB testing to gain an understanding of the school’s processes for ensuring compliance with career pathway program requirements.

To identify any relevant findings or recommendations identified during prior audits and reviews, we reviewed reports on independent annual audits of UEI College for the years

¹² Our audit did not cover any other UEI College campuses or any other schools owned or operated by IEC.

ended December 31, 2018, through December 31, 2020; a July 26, 2019, Federal Student Aid program review report; and an August 31, 2020, report on the accreditation review completed by the Accrediting Council for Continuing Education and Training.

Sampling Methodology

We used sampling to determine whether (a) UEI College’s career pathway programs included counseling to support students in achieving their education and career goals; (b) students in the school’s career pathway programs achieved a passing score on a Department-approved ATB test; and (c) UEI College excluded the high school completion components of its career pathway programs from students’ enrollment statuses and costs of attendance. To select our sample, we first obtained a list of the 3,426 students who were enrolled in UEI College’s career pathway programs and who received at least 1 disbursement of Title IV funds for award year 2020–2021. We then stratified the population of 3,426 students based on which of the school’s eight career pathway programs they were enrolled. Finally, we selected a stratified statistical sample of 126 of the 3,426 students enrolled in UEI College’s career pathway programs and received at least 1 disbursement of Title IV funds for award year 2020–2021.

Table 1. Population and Sample Sizes by Career Pathway Program

Career Pathway Program	Population of Students Enrolled in the Program	Number of Students in Sample Enrolled in the Program
Automotive Technician	165	6
Business Office Administration	185	7
Dental Assistant	548	20
Electrician Technician	124	5
Heating, Ventilation, and Air Conditioning	464	17
Medical Assistant	1,568	58
Medical Billing and Insurance Coding	251	8
Medical Office Specialist	121	5
Totals	3,426	126

Analysis Techniques

We reviewed UEI College’s records to determine whether they showed that each of the school’s eight career pathway programs met all seven career pathway program eligibility

requirements in section 484(d)(2) of the HEA. Specifically, we reviewed UEI College's career pathway program policy ("[Eligible Career Pathway Program] Program Outline, Elements and Structure"), catalog, and advisory board meeting minutes. We also reviewed agreements with three adult education providers through which students could complete their high school diploma or its recognized equivalent, student completion and job placement statistics that the school reported to the Accrediting Council for Continuing Education and Training, and UEI College's written explanation of how the school's career pathway programs satisfied the requirements to be considered eligible career pathway programs as defined by section 484(d)(2) of the HEA.

To determine whether each of the 126 students included in our sample received counseling to support them in achieving their education and career goals, we reviewed UEI College's records showing the number of courses each student completed, advisement forms that school advisors used to document counseling sessions with students, emails between advisors and students, logs of communications between school advisors and students, and externship guidance that the school provided to the students. We concluded that students received the required education-related counseling if the school's records showed that the advisors and students discussed topics relevant to the student's educational program. We concluded that students received career-related counseling if the school's records showed that the advisors and students discussed career-related topics such as resume writing, interviewing skills, job searches, networking, or other professional skills.

None of the students included in our sample enrolled in a UEI College career pathway program based on completing 6 credit hours or 225 clock hours of postsecondary coursework that were applicable toward a degree or certificate offered by the school or based on being determined able to benefit from postsecondary education or training in accordance with a State process approved by the Secretary of Education. Therefore, to determine whether students enrolled in UEI College's 8 career pathway programs met the student eligibility requirements in section 484(d)(1)(A) of the HEA, we reviewed student enrollment records and ATB test score reports for all 126 students included in our sample. We also reviewed certificates provided by the school and viewed computer screenshots of certification data from the ATB test publisher's system to verify that all 34 ATB test administrators who administered tests for the 126 students were certified by the ATB test publisher when they administered the ATB tests.

To determine whether the ATB tests were administered in accordance with 34 C.F.R. section 668.151, we reviewed UEI College's ATB testing policies, reviewed the ATB test publisher's user manual, and interviewed

- the Chief Financial Officer, Vice President of Student Finance and Records Management, and Director of Financial Aid Operations for IEC;
- the presidents of 11 UEI College campuses;
- 10 admissions office employees who worked at 3 UEI College campuses;
- the owner of the third-party servicer who provided ATB test administration for UEI College during award year 2020–2021;
- 10 of the 34 test administrators who administered ATB tests for the 126 students included in our sample; and
- 12 of the 126 students included in our sample.¹³

We concluded that the students included in our sample met the student eligibility requirements in section 484(d)(1)(A) of the HEA if they enrolled in one of UEI College’s eight career pathway programs and received a passing score on a Department-approved ATB test. We concluded that ATB tests were administered in accordance with 34 C.F.R. section 668.151 if we could determine that the test administrators maintained ATB tests at a secure location and met the definition of a test administrator and independent test administrator, and UEI College or campus officials did not (1) compromise test security or testing procedures; (2) pay a test administrator a bonus, commission, or other incentive based on test scores or pass rates; or (3) otherwise interfere with the test administrator’s independence or test administration.

To determine whether UEI College excluded from students’ enrollment statuses and costs of attendance the component of its career pathway programs that enables a student to attain a high school diploma or its recognized equivalent, we reviewed course schedules, enrollment agreements, statements of account, and financial aid records for all 126 students included in our sample. We concluded that the school excluded the component of its career pathway programs that enables a student to attain a high school diploma or its recognized equivalent if the (1) enrollment records did not include any high school completion-related courses and (2) statements of account and financial aid records did not include costs unique to obtaining a high school diploma or its equivalent.

¹³ We attempted to arrange interviews with all 126 students included in our sample; we contacted 24 of them but only 12 students agreed to be interviewed.

Use and Reliability of Computer-Processed Data

We relied, in part, on data that IEC retained in its information systems. Specifically, we relied on a list identifying students who were enrolled in UEI College’s career pathway programs and received at least one disbursement of Title IV funds for award year 2020–2021. We assessed the reliability of the data by comparing the names of the students on the IEC-provided list with those having a student eligibility code relevant to career pathway programs as shown in the Department’s Common Origination and Disbursement system.¹⁴ We did not identify any unexplained differences. Therefore, we concluded that IEC provided us with data that were sufficiently reliable for identifying students whom the school reported as enrolled in UEI College’s career pathway programs and received at least one disbursement of Title IV funds for award year 2020–2021.

Compliance with Auditing Standards

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 findings and conclusions based on our audit objectives.

We remotely conducted our audit from August 2021 through April 2023. We placed our audit on hold in September 2022 because we became aware of work that Federal Student Aid was conducting in areas closely related to our audit. We resumed our audit in January 2023 and completed additional work related to the administration of ATB tests. We discussed the results of our audit with IEC officials on May 2, 2022, and briefed them on the results of our additional work on May 16, 2023. We provided the school with the draft of this report on May 22, 2023, and received its comments on June 21, 2023.

¹⁴ Schools self-report student eligibility codes relevant to career pathway programs to the Department’s Common Origination and Disbursement system.

Appendix B. Acronyms and Abbreviations

ATB	Ability-to-Benefit
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
HEA	Higher Education Act of 1965, as amended
IEC	International Education Corporation
UEI College	United Education Institute, doing business as UEI College

UEI College's Comments



June 21, 2023

Via Email (in PDF and Word Versions)

Gary D. Whitman
Regional Inspector General for Audit
Chicago/Kansas City Audit Region
Office of Inspector General- U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202-1510

RE: UEI College's Career Pathway Programs (Control Number ED-OIG/A19IL0036)

Dear Mr. Whitman:

United Education Institute ("UEI") submits the following comments to the May 22, 2023 Draft Report of the Office of Inspector General – Audit Division's audit of UEI College's Eligible Career Pathway Program. In its comments, UEI indicates its agreement with Findings 1 and 3, and describes the corrective actions that UEI has implemented with respect to Finding 1. UEI disagrees with Finding 2 and details its reasons for disagreement, its supporting arguments, and the relevant and proactive compliance initiatives UEI implemented during the audit period that the draft report does not address. We respectfully submit that the arguments presented by UEI support significant modification of Finding 2 and its associated recommendations in the final audit report.

Background

The Department of Education Office of Inspector General ("OIG") Audit Division¹ initiated an audit of UEI College's ("UEI") Eligible Career Pathway Program ("ECPP") in September 2021. During the course of the audit, UEI learned that this was the first ECPP audit conducted by OIG since the 2014 statute authorizing ECPP. The initial OIG feedback, which

¹ Under the Inspector General Act of 1978, as amended, the Department of Education Office of Inspector General ("OIG") is authorized to carry out both investigations and audits to "promote economy, efficiency, and effectiveness in the administration of, and ... prevent and detect fraud and abuse in ... [the Department's] programs and operations." OIG-Audit is empowered to examine organizational program performance or financial management matters, typically of a systemic nature. This is opposed to an OIG-Investigation, which conducts investigations to resolve specific allegations, complaints, or information concerning possible violations of law, regulation, or policy. (<https://www.oig.doc.gov/Pages/FAQs-About-OIG-Audits.aspx>).

was presented in a May 2022 exit conference, was the first substantive feedback of any kind that an IEC school had received from the Department on ECPP. In the preliminary final report, the OIG disclosed it found no compliance issues with respect to UEI's implementation of the federal law and regulations governing ECPP.

The audit, which covered July 1, 2020 to June 30, 2021, addressed the United Education Institute (which does business as UEI College and United Education Institute) Huntington Park, California (OPEID 025593) main campus and 10 additional branch UEI campuses.² The audit objectives were whether: 1) UEI's ECPP met the eligibility requirements of federal law; 2) students enrolled in ECPP met student eligibility requirements; and 3) UEI excluded from student's enrollment statuses and costs of attendance the component of ECPP that allows a student to attain a high school diploma or equivalent. The OIG selected a random sample of ECPP students and examined documents related to the students' enrollment and participation in ECPP. Also, the OIG reviewed Wonderlic independent test administrator ("ITA") certifications and interviewed IEC employees, students and ITAs.

The OIG's May 2022 preliminary final report concluded that "UEI's career pathway program satisfied all seven program eligibility requirements set forth in section 484(d)(2) of the HEA." The OIG also found that all students from its random sample of ECPP students were Title IV, HEA eligible. No testing improprieties were identified by OIG at any UEI campus and no basis for Title IV, HEA program liabilities were identified. The OIG also noted that IEC could do a better job of documenting required ECPP student career advisement.

On September 14, 2022, IEC was informed that OIG "management has made the decision to put the subject audit on hold until further notice. We will not conduct further audit work or issue any reports while the audit is on hold. We will notify you when the audit is restarted." Exhibit 2. On September 16, 2022, in response to a question posed by the IEC CEO seeking additional information, OIG stated that it "became aware of work that Federal Student Aid is conducting in areas closely related to our audit." *Id.*

At the same time as the release of the preliminary final report, the Department of Education Federal Student Aid Partner Enforcement and Consumer Protection Directorate ("Enforcement Unit") was conducting an investigation of the Florida Career College ("FCC") ECPP. FCC is another school group, with a different OPEID number and institutional accreditor, also owned by IEC.³ On October 20, 2022 the Enforcement Unit informed FCC of its

² Draft Report, p. 1 fn. 1. The audit did not cover any other UEI campuses, or any other schools or OPIEDs owned or operated by IEC. *Id.*

³ The OIG stated in the Draft Report: "We placed our audit on hold in September 2022 because we became aware of work that Federal Student Aid was conducting in areas closely related to our audit." Draft Report p. 26. This appears

investigation and allowed FCC to respond to evidence that was summarized in its October 20 communication.⁴ FCC submitted its response to the Enforcement Unit on November 7, 2022. Thereafter, on April 11, 2023 Federal Student Aid informed FCC that it was denying FCC's request for Title IV recertification. FCC filed a Request for Reconsideration on May 24, 2023 detailing significant factual, procedural, and legal deficiencies in the denial of recertification. Exhibit 1.

On January 31, 2023, OIG informed UEI that it was restarting its audit, with no change in audit objectives or time period. OIG did disclose that it planned "to interview a handful of additional ATB test administrators, students, and school employees before we issue the draft audit report." *Id.* Thereafter, OIG completed additional field work related to the administration of ATB tests and briefed IEC on the results of OIG's additional work on May 16, 2023. A draft report was presented to UEI on May 22, 2023. UEI was given until June 21, 2023 to comment on the draft report.

The Draft Report's Findings

The draft report contains three findings. First, consistent with the preliminary final report, OIG found that "All eight of UEI College's career pathway programs satisfied all seven of the program eligibility requirements set forth in section 484(d)(2) of the HEA. Therefore, students enrolled in the school's eight career pathway programs could have been eligible to receive Title IV of the HEA program funds." Draft Report p. 9. Also consistent with the preliminary final report, the OIG found that UEI's records could not always demonstrate that students received career-related counseling. *Id.* p. 12.

Second, the OIG interviewed 10 test administrators and 12 of 126 students in its sample. According to the Draft Report, "2 of the 10 test administrators and 2 of the 12 students that we interviewed indicated that test security, testing procedures, or both, might have been compromised." Draft Report p. 18. Based on these interviews, the OIG stated that it "*could not conclude* whether the ATB tests that the 126 students took were independently and properly administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher's rules." *Id.* (emphasis added). Despite a finding of inconclusiveness, the OIG's recommendations require UEI to demonstrate to Federal Student Aid that its past test administration complied with federal regulations.

inaccurate given the pending investigation was focused on FCC, a separate and distinct school group and OPEID, and not UEI, the subject of the audit.

⁴ The Enforcement Unit neither identified witnesses nor documents cited in its October 20, 2022 communication, thereby compromising FCC's ability to provide a full and complete response.

Third, the OIG found that “UEI College properly excluded the high school component of its career pathway programs from students’ enrollment statuses and costs of attendance.” Draft Report p. 20.

UEI provides comments on the first and second findings in the OIG Draft Report.

Response to Finding 1

The first finding of the draft report addresses whether UEI properly documented that all ECPP students received the required career advisement. UEI takes seriously its Title IV recordkeeping obligations. UEI agrees with Finding #1 and has already taken corrective action and implemented additional processes to ensure that the proper documentation of all career advisement and coaching activities.

Independent of the OIG finding on ECPP career advisement, UEI determined its compliance with the ECPP advisement sessions and appropriate recordkeeping were impacted by the pandemic. The OIG audit covered a time period during which IEC campuses were in both a remote learning only mode, with no students on campus, and a hybrid learning mode, where students, faculty and staff returned to campus on a part-time basis. Prior to the pandemic, all UEI ECPP counseling was done in person. The pandemic delayed and adversely impacted in-person student advisement, and it appears that remote career advisement sessions were not documented as effectively as in-person sessions.

All students have one-on-one meetings with Career Services to discuss externship and career goals. This is true for both ECPP and non-ECPP enrolled students. For the period of the audit, there was no standard advisement form for documenting these meetings. At the time of the OIG audit, UEI used the same generic form for ECPP academic and career services advisement that was used for all other student advisement. Advisement sessions were also documented through system notes, Career Day logs, and general advisement forms. The general advisement forms have a section where advisors can add notes on topics discussed. Even though career-related topics such as resume writing, interviewing skills, and job searches were discussed with the students, the Career Services Advisors did not consistently document these topics on the form.

Even before receiving the OIG’s preliminary final report findings on advisement in May 2022, UEI had taken action to improve its processes, recordkeeping, and systems. UEI has significantly upgraded its processes to ensure proper documentation of ECPP student advisement. In particular, UEI developed specific advisement forms for ECPP academic and career services advisement. These new forms were designed to direct discussion on academic and career topics unique to the ECPP student population. UEI also deployed a new standardized process and form to improve consistency in notation of Career Services advisement. Exhibit 3.

The new form is specific to Career Services and the coaching that is to be conducted at the midpoint of the ECPP student's program and prior to externship.

UEI also upgraded its systems prior to the release of the preliminary final report in May 2022 to send the appropriate ECPP advisor an alert to conduct a required ECPP advisement with the student. When an ECPP student is due for advisement, the IEC student records management system will create the appropriate advisement form, populate that form, alert multiple campus employees of the need to schedule an advising session with an ECPP student, and push the populated advisement form to the ECPP advisor responsible for conducting the advising session. UEI added a tracking mechanism with its internal student information system to ensure advisements are being timely completed and uploaded. Training on documentation and proper notation of advisement activities was conducted with Career Services Department on March 15, 2022. Exhibit 4. Once the advisement is conducted and the advisement form is completed, the UEI system automatically links the completed advisement to the student's file.

UEI is confident these system enhancements ensure proper and sufficient documentation for advisement sessions and that this finding will not reoccur in the future. Since implementation of the changes described above, file reviews conducted by UEI have found that advisement forms are more thoroughly completed and contain better quality information. UEI's compliance teams and registrars conduct regular spot audits of students' files to determine whether ECPP students are receiving required advisement in a timely manner and that campus employees have properly and thoroughly completed the advisement forms. UEI has experienced better quality ECPP student advisement sessions and more complete recordkeeping as a result of the changes implemented following OIG's audit.

Response to Finding 2

UEI ECPP Background

UEI is proud to offer programs that allow underserved ECPP learners to break down educational barriers. These programs offer equal access to postsecondary education and training. By offering alternative pathways and comprehensive support, UEI empowers non-high school graduates to enhance their knowledge, skills, and career prospects, contributing to their personal growth and socioeconomic advancement. Teaching ECPP students requires time, expense, effort, and a tough-love learning environment that blends heightened learning and support services and

the structure and discipline required for school and post-graduation career success. Presumably this is why very few postsecondary institutions offer Eligible Career Pathway Programs.⁵

After the December 2014 amendment to Section 484(d) of the HEA (“December 2014 Amendment”), UEI’s parent company, International Education Corporation (“IEC”), created an ECPP Committee (the “Committee”) to thoroughly evaluate the December 2014 Amendment and to develop a robust and compliant ECPP program for the IEC schools. The Committee consisted of employees from the admissions, career services, education, student finance, operations, compliance and legal departments.

During the ECPP program development process, the Committee thoroughly evaluated and cultivated IEC ECPP programs based on the express language of the December 2014 Amendment as well as the Department’s May 22, 2015 guidance in DCL GEN-15-09, and related information. To avoid uncertainty or ambiguity in the requirements of the December 2014 Amendment, the Committee looked to state and local level career pathway programs for guidance so the Committee could evaluate how similar adult and postsecondary programs are structured.

With these guidelines in mind, and after months of planning, IEC schools launched their ECPP programs in August 2015. IEC provided each of its campuses with the ECPP Campus Binder, a 246-page binder which provided campus leaders with ready access to the Department’s guidance regarding ECPP, an overview of each ECPP program, catalog language, relevant IEC policies and training materials, among other topics.

Once IEC launched ECPP, it followed the Higher Education Act and the limited guidance from Dear Colleague Letters. As additional regulatory and sub-regulatory guidance was made available (e.g., Subpart J), IEC adjusted its policies and guidance accordingly. In 2018, after implementation of ECPP and promulgation of Subpart J, one of IEC’s school groups had a program review that included comprehensive review of ECPP. The program review had neither a finding nor any negative feedback from the Department on ECPP.

There is no previous Department guidance or enforcement action decision that articulates a standard as to what actions by an institution constitute the compromise of independent test administration or the testing process. In the absence of such guidance, IEC developed internal policies based on Wonderlic rules. IEC trained its campus and corporate employees to comply with those internal policies and continually evolved its processes and systems. Exhibit 5. One initiative that IEC piloted and then implemented over years of improving its ECPP processes was

⁵ A total of 230 Title IV institutions offered ATB examinations. This comprises fewer than 4% of all Title IV postsecondary institutions evidencing the small number of institutions that are willing to serve ATB students through testing. <https://nces.ed.gov/fastfacts/display.asp?id=1122>

the use of an unaffiliated third-party to manage proctors. Over the period of 2015-2019, IEC transitioned its campuses' proctor needs to Trujillo-Aries, Inc. ("Trujillo"), an unaffiliated third-party entity that coordinated the hiring, training and scheduling of proctors for IEC campuses. UEI campuses transitioned to Trujillo prior to 2019.

The OIG Determination in Finding 2

The Draft Report states that based on interviews conducted with two of 10 ITAs and two of 12 students that the OIG "could not conclude whether the ATB tests that the 126 students took were independently and properly administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher's rules." Draft Report p. 18. The Draft Report states ITAs interviewed claimed that they:

- Helped students by clarifying ATB test questions when it appeared the students needed help;
- Were told by the third-party service provider to help students better understand the ATB test questions; and,
- Were told by school officials to help students through each question on the ATB test.

The Draft Report also states students interviewed claimed that the:

- ITAs helped them select correct answers; and,
- ITAs helped them by rephrasing questions to make them easier to understand.

Id.

UEI's Response to Finding 2

No statements from ITAs or students are provided in the draft report. The extent of any of these individuals' personal knowledge or context of what they purportedly described to the OIG is unknown to UEI. Also, despite UEI making a request to OIG to understand the language used and specific questions asked to students and ITAs, UEI was not provided with the OIG auditors' questions that elicited the anomalous answers or whether (if at all) the OIG followed up on those responses. Finally, there is no information as to whether OIG received conflicting or exculpatory statements from other ITAs or students, and if so, the draft report contains no information on whether or how OIG considered those statements in its conclusions or recommendations. This lack of detail adversely affects UEI's ability to adequately respond to the findings in the draft report.



The OIG Audit Period Coincided with the Implementation of New Training and Policies by all IEC schools, including UEI.

In 2019, the IEC Chief Executive Officer Fardad Fateri asked Sanjay Sardana, IEC Chief Financial Officer, to centralize ATB test processes, training, and oversight to bring consistency across the IEC schools. Amelia Nishida, IEC's Director of Financial Aid Operations, assisted Mr. Sardana, and IEC launched its new ATB Testing Process in June 2020. The new ATB Testing Process standardized processes, training, and decision-making, which prior to this time were handled by individual campuses on an uncoordinated basis.

The rollout of the IEC ATB Testing process began in June 2020 with systemwide training, which contained for the first time a list of Do's and Don'ts developed by IEC to remind and educate employees regarding proper interactions with proctors:

To keep our interactions with Wonderlic proctors professional and in accordance with all required rules and guidelines follow these do's and don'ts:

- DO schedule the proctor on a weekly/monthly basis to avoid emergency situations.
- DO make sure students are ready and on time for their ATB test.
- DO make sure student is prepared with their pre-filled assessment form
- DO make sure the student brings their student ID and SSN to test.
- DO NOT be friendly with the proctor, treat them like an auditor.
- NEVER offer the proctor lunch or anything that seems like an incentive and that includes food.
- NEVER make comments to the proctor regarding results of the tests or trends for pass/fail.
- NEVER enter the testing room once the tests begin for any reasons. Wait until session is over.
- NEVER help students with any answers for the ATB test.

IEC provided its training to Trujillo-Aries, Inc. ("Trujillo"), the unaffiliated third-party that hired and managed ITAs for the IEC campuses, as a means to introduce it to the IEC ATB Testing

Process, and IEC encouraged Trujillo to advise its ITAs of the new IEC process, how to act on campus and to maintain an arm's length relationship with campus staff.⁶

As part of launching the new ATB Testing Process, Mr. Sardana and Ms. Nishida became the single point of contact between IEC and Trujillo. Campus leaders were directed that unofficial test scores were to be given to the Campus President and two other campus employees, but not to admissions personnel. This minimized contact between ITAs and admissions professionals. In conjunction with this new process, Trujillo's CEO "was given the CFO's cell phone number in case there are compliance issues, meaning the campus staff is pressuring a proctor to pass students. The CFO wants to know immediately." Exhibit 7.

Since implementing the ATB Testing Process in June 2020, IEC has also managed the following changes:

- Tracking Wonderlic pass rates for compliance and proctor quality purposes;
- Piloted 100% online Wonderlic testing at four campuses starting in June 2020 and rolling out 100% online testing to all FCC campuses in November 2020;
- Started weekly calls in September 2020 between Ms. Nishida and Trujillo focused on customer service-related issues – staffing, identifying back-up proctors, discussing proctor issues (promptness; professionalism; leaving early);
- Began the transition from Wonderlic to Accuplacer in April 2022 with another systemwide ATB Process training;
- Launched Accuplacer Systemwide in June 2022; and
- Conducted another systemwide ATB Testing Process training in September 2022 associated with Accuplacer enhancements

It does not appear from the draft report that OIG was aware of or tested these significant process changes implemented contemporaneously by IEC for its schools, including UEI, during the audit period. OIG should view these independent actions by IEC immediately prior to and during the audit period as corrective actions taken to continually improve ECPP compliance, and the OIG should factor these actions into the modification of its inconclusive recommendations.

⁶ Exhibit 6.



The Issues Identified by the OIG, if True, were Violations of Wonderlic Policies by the ITAs, and not Violations of Federal Regulations by UEI.

During the applicable audit time period, UEI used the Wonderlic ATB test to determine whether its students had the ability to benefit from an ECPP. The ATB test is a short form measure of adult language and math skills which are generally learned in high school. Individuals without a high school diploma are asked to demonstrate basic skills taught in primary and secondary schooling. “When administered properly, the [Wonderlic ATB test] can be used to help determine an applicant’s “ability to benefit” from career training and qualify them for Federal student financial assistance under Title IV of the Higher Education Act of 1965.” Wonderlic User’s Manual (“Wonderlic Manual”), Ex. 8, p. 13.

Even though the draft reports states that the results of the audit are “inconclusive,” OIG seeks to hold UEI responsible for conduct delegated by law and statute to the ITAs and Wonderlic. Under Department regulations, Wonderlic must provide to the Department “the manual provided to test administrators containing procedures and instructions for test security and administration...,” and Wonderlic must train ITAs on Wonderlic policies contained in that manual. 34 C.F.R. § 668.144(c)(12). The Department also requires Wonderlic to have a certification process for ITAs that will determine whether an ITA “has the necessary training, knowledge, skill, and integrity to test students in accordance with this subpart and the test publisher’s requirements.” 34 C.F.R. 668.144(c)(16)(i); *see also* 34 C.F.R. § 668.150(b)(3)(i). The agreement between Wonderlic and the Department provides that only ITAs certified by Wonderlic can administer an ATB test. 34 C.F.R. § 668.150(b)(1). Accordingly, and before administering any ATB tests, the ITAs must pass a test administered by Wonderlic in order to become certified by Wonderlic as an ITA. Ex. 8, p. 13.

Department regulations consider a test “properly administered” only if the ITA administers the test in accordance with instructions provided by the test publisher. 34 C.F.R. § 668.151(d)(2). Accordingly, ITAs are held accountable to follow all Wonderlic standards and procedures as published in the Wonderlic User’s Manual. *Id.* Wonderlic is required to decertify for three years any ITA that fails to follow Wonderlic policies. 34 C.F.R. § 668.150(b)(4)(i).

The Draft Report ignores required duties and obligations of Wonderlic’s and ITAs’ in the test administration process. Under the applicable regulations, an ITA is responsible for proper test administration, including to “administer the test in accordance with instructions provided by the test publisher and in a manner that ensures the integrity and security of the test.” 34 C.F.R. § 668.151(d)(2). Despite the obligations of Wonderlic and ITAs under applicable regulations and Wonderlic policies to ensure proper test administration, the draft report attributes to UEI responsibility for the alleged test administration failures reported by ITAs to the OIG. This is conduct that, by law, UEI cannot direct or control as the regulations expressly require that all testing be performed *only* by Independent Test Administrators.

According to Wonderlic policies: “U.S. Department of Education regulations require Wonderlic to monitor and review the testing practices of each certified Wonderlic ITA and to decertify any ITA who violates or compromises approved ATB testing procedures.” Ex. 8, p.10 (emphasis added). Reasons for Wonderlic decertification expressly include the precise types of conduct the ITAs allegedly reported in their interviews, namely, failure to maintain the integrity of the testing process and failure to administer the ATB test in exact accordance with Wonderlic procedures.⁷ *Id.*

The OIG accepts statements from ITAs who claim (if their statements are true) that they violated Wonderlic policies in administering ATB tests at UEI campuses. Wonderlic policies make it clear that no one other than students or the ITA can be in the test room during the administration of the Wonderlic test. Ex. 8, p. 21. Maintaining test security is an important responsibility of an ITA. Ex. 8, p. 19. Because no third parties are allowed in the testing room, UEI is not lawfully permitted to monitor ITAs in the course of their test administration duties, or observe the administration of ATB tests, to ensure that the ITAs follow Wonderlic policies. The regulations and Wonderlic policies require that the ITA alone bears the obligation to administer the tests per Wonderlic policies and that Wonderlic alone bears responsibility to monitor the ITAs to ensure integrity for the testing process.

Subpart J makes clear that the Department believes that “irregular patterns” in test results “raise[] an inference” on improper test administration, 34 C.F.R. § 668.150(b)(13), and that the Department relies on test administrators such as Wonderlic to regularly provide it with those analyses to ensure there is no improper test administration. In those reports, Wonderlic was required to analyze whether the test scores and data showed “any irregular pattern that raises an inference that the tests were not being properly administered. . . .” *Id.* During the time period between August 2015—when IEC schools started offering ECPP programs which included Wonderlic ATB tests—and June 1, 2022—when IEC schools switched to Accuplacer for testing proctoring—Wonderlic was required to submit at least four reports to the Department containing such data. UEI has never been made aware of any Wonderlic report submitted to the Department that alleges improprieties in test administration for its ECPP program. Neither the Draft Report nor the April 11, 2023 Denial of Recertification of Florida Career College cite to evidence of irregular test patterns to support the contention that the tests offered to any IEC students were improperly administered.

ITAs have a Responsibility to Disclose Testing Improprieties

The Draft Report states that an interviewed ITA claimed that they were: (i) “told by school officials to help students through each question on the ATB test” and (ii) “told by [Trujillo] to help students better understand the ATB test questions.” Draft Report p. 18. UEI

⁷ This assumes that the conduct described by students and ITAs is not expressly permitted by Wonderlic as approved test practice, as discussed in a later section.



does not know the context in which this information was provided to OIG, but it is clear under Wonderlic policies that an ITA bears a responsibility to report test integrity issues to Wonderlic like the ones allegedly described to OIG during the audit. Ex. 8, p. 27. In such a situation, Wonderlic has a responsibility to report to the OIG when Wonderlic has credible evidence of misconduct by an institution. 34 C.F.R. § 668.150(b)(16). If such reports of improper conduct were made at the time of the alleged events, the OIG draft report does not disclose these reports.

OIG does not address this policy failure by the ITAs, and the draft report does not disclose whether the OIG questioned the ITAs on why they did not report these alleged instances to Wonderlic. Moreover, the OIG appears to accept these statements by the ITA wholesale, and not question the veracity and reliability of these statements, in light of the ITAs' responsibilities under Wonderlic policies. Finally, UEI officials have no notice of test integrity issues raised by ITAs from Wonderlic, Trujillo, or from any ITA.

The OIG Finding Fails to Account for Wonderlic-Approved Test Practice

The test and testing environment, not surprisingly, can create significant anxiety in many test takers, especially for non-traditional students. ITAs are trained to be aware of this and to use the time prior to the official testing period to answer questions and reduce test anxiety. Wonderlic requires that an ITA balance the easing of test anxiety with the proper administration of the test, and balance familiarizing students with the testing process, with the responsibility to upholding the ethical standards required by Wonderlic and the regulations. The Wonderlic Manual allows and encourages ITAs to interact with applicants during the practice period:

When all applicants have completed the practice problems, you will ask if anyone has any questions. You may find it helpful to review the practice problems by reading each one aloud and then indicating the correct answer.

Ex. 8, p. 30; see also Steps 18 and 19 in ATB Test Administrator's Dialogue, Ex. 8, pp. 55-56.

Practice Questions and Instructions	Step 18: Practice Questions	When all applicants have opened their test booklets, continue with: "Now, read the instructions on the left hand page and complete the practice questions on the right hand page. You will be given as much time as you need to complete the practice questions. Mark your answers to the practice questions in the box labeled 'Practice Items' on your answer sheet. When you are finished, please put your pencils down. Remember, DO NOT TURN THE PAGE UNTIL I TELL YOU TO DO SO."
--	------------------------------------	--



Step 19: Review Practice Questions	<p>Most applicants will read the instructions and complete the practice problems in three or four minutes. When all applicants have finished the practice problems, or after approximately three minutes, continue with:</p> <p><i>“Does everyone understand the instructions? Did you mark your answers for the practice problems in the appropriate section of the answer sheet? Does anyone want me to review the questions?”</i></p> <p>It may be helpful to review the practice problems, reading each one aloud, then indicating the correct answer. Remember, you cannot answer questions once the timed testing period has begun.</p>
---	---

Wonderlic Policies also allow an ITA to take action to help struggling testers: “Some applicants may be hesitant to ask questions before the test starts. If you notice that a particular applicant is having extreme difficulty completing the practice items, make an effort to identify the reason for the difficulty and take whatever actions are necessary.” Ex. 8, p. 30. It is unclear whether the conduct alleged by the two students occurred during official testing, or during the practice session permitted by Wonderlic. ITA-conducted practice sessions could provide a reasonable explanation for the student statements.

At the May 16, 2023 exit conference, a UEI representative raised the issue of practice test interaction. UEI did not receive a response from OIG representatives as to whether OIG’s questioning took into account these permitted practice sessions or whether this could be an explanation for the responses received from the students that was completely acceptable under the regulations and Wonderlic rules.

UEI does not know the questions asked by the OIG or the full statements in context made by the students, so it is impossible to verify whether the alleged ITA-assistance reported by the students to OIG was proper and allowed by the Wonderlic policies. Depending on the questions asked by the auditors, students may not have distinguished practice sessions from the actual testing in responding to the OIG’s questions. Students questioned by OIG took their ATB test two to three years before their OIG interviews, offering further explanation as to how they could have conflated ITA conduct in the practice test session versus the actual test.

The Draft Report Lacks Specificity with Respect to Alleged Statements from UEI Officials.

The OIG interviewed 10 test administrators who collectively administered ATB tests for 48 of the 126 students in the OIG sample. Of these 10 ITAs interviewed, two of these ITAs alleged testing improprieties. Both of these ITAs administered ATB tests at UEI’s Morrow, Georgia, campus. Draft Report p. 18. The draft report does not disclose how many of the 48 students had their tests proctored by those two ITAs or whether any of those students were among the 12 interviewed by the OIG.

Significantly, given that both ITAs worked at the same campus, the draft reports states that the ITAs reported different issues. The draft report alleges one of the ITAs was “told by school officials to help students through each question on the ATB test.” Draft Report p. 18. This should have raised a question on the reliability and veracity of both ITAs’ statements, causing the OIG to conduct additional procedures.

Moreover, there is nothing in the draft report that provides any insight into the questions asked by the OIG and the diligence of that questioning. For instance, there is no identification of “school officials” who supposedly made those alleged statements, whether it was credible or possible that school officials actually made the statements, when the statements were made, and the frequency of those statements. Context also matters. OIG does not appear to recognize that if a school official asked an ITA to help students through each question of either a practice test or the *practice portion* of the ATB test that such a request is not a violation and is consistent with Wonderlic policies.

The Draft Report Contains Significant and Material Departures from Applicable Auditing Standards.

OIG audits “are conducted under the Government Accountability Office’s Generally Accepted Government Auditing Standards.” <https://oig.ed.gov/frequently-asked-questions>. In the OIG’s email of January 31, 2023, OIG informed UEI “[a]s of now, there are no changes to the audit objectives ...” Exhibit 2. The audit objectives of the UEI audit as explained in the May 2022 exit conference discussion were identified as whether:

- (1) UEI career pathway programs met the program eligibility requirements set forth in section 484(d)(2) of the Higher Education Act of 1965, as amended (HEA);
- (2) students enrolled in UEI’s career pathway programs met the student eligibility requirements in section 484(d)(1)(A) of the HEA; and
- (3) UEI excluded from students’ enrollment statuses and costs of attendance the component of its career pathway programs that enables a student to attain a high school diploma or its recognized equivalent.

Those remained the objectives of the audit as stated in the draft report. Draft Report p. 1.

There is a significant disconnect between the stated audit objectives and the findings in the draft report. Only after it restarted the audit and conducted its additional field work, did OIG attempt “to determine whether the ATB tests that the students included in our sample took were independently and properly administered in accordance with 34 Code of Federal Regulations (C.F.R.) section 668.151.” Draft Report p. 2. It appears that this became a belated focal point of

the OIG audit only after the audit was paused and then resumed due to the pending investigation of FCC.

According to Government Auditing Standards, an audit objective is defined as: “What the audit is intended to accomplish. They identify the audit subject matter and performance aspects to be included. Audit objectives can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. Audit objectives may also pertain to the current status or condition of a program.” Government Auditing Standards, Glossary. “Scope is the boundary of the audit and is directly tied to the audit objectives.” Government Auditing Standards § 8.10. “Audit procedures are the specific steps and tests auditors perform to address the audit objectives.” Government Auditing Standards § 8.11.

It is clear from the conduct of the audit that the proper administration of ATB tests was never an audit objective of the OIG, and that the interviews initiated after the audit was restarted were outside the scope of the audit and audit procedures originally designed by the OIG for the audit. Even after restarting the audit in January 2023, the OIG told UEI that its audit objectives had not changed, which appears to be an inaccurate statement based on the content of the final report. Equally clear is that OIG was on an expedited timeline to contact students and ITAs, and when those conversations produced “potential anomalies,” (as characterized in the draft report) the OIG did not seek to obtain additional evidence or expand its sample.⁸ Rather, OIG punted to FSA and shifted the burden of proof, requiring UEI to provide evidence proving that it has “administered [ATB tests] in accordance with Federal regulations and the test publisher’s policies and instructions.”⁹ Draft Report p. 18.

Based on the interviews with two students whose testimonial evidence the OIG admittedly questions (e.g., “potential anomalies,” Draft Report p. 18), the OIG draft report should have taken a different approach. For instance, under applicable auditing standards: “Auditors should communicate findings in writing to audited entity officials when the auditors detect instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements that are not significant within the context of the audit objectives but warrant the attention of those charged with governance.” Government Auditing Standards § 9.36. (Emphasis added.) Here, because the “potential anomalies” found in the interviews of students and ITAs were outside the original scope of the audit, they should have been directed to the attention of UEI. OIG went outside of applicable auditing standards when recommending to FSA that it

⁸ “For audit objectives that pertain to the current status or condition of a program, sufficient, appropriate evidence is gathered to provide reasonable assurance that the description of the current status or condition of a program is accurate and reliable and does not omit significant information relevant to the audit objectives.” Government Auditing Standards § 8.19.

⁹ As discussed above, UEI is not permitted by law to administer ATB tests.

require UEI to demonstrate the compliance of its entire ATB test administration process based on two “potential anomalies.” A modification of the draft report is warranted.¹⁰

The draft report also should have addressed independence issues given the interruption of the audit due to the ongoing FSA investigation of FCC: “Auditors should reevaluate threats to independence, including any safeguards applied, whenever the audit organization or the auditors become aware of new information or changes in facts and circumstances that could affect whether a threat has been eliminated or reduced to an acceptable level.” Government Auditing Standards § 3.28. The investigation of FCC and the denial of recertification based in part on alleged instances of improper test administration may have impacted the audit’s objectivity. OIG’s audit timeline, audit objectives, findings and conclusions about UEI were altered by the FSA investigation of FCC.

The Government Auditing Standards aptly capture this threat to independence: “Undue influence threat: The threat that influences or pressures from sources external to the audit organization will affect an auditor’s ability to make objective judgments.” Government Auditing Standards § 3.30(e). The denial of recertification of FCC should not have played any role in the OIG’s independent audit of UEI’s ECPP. The finding of “potential anomalies” should not have, accounting to Government Auditing Standards, produced the recommendations in the draft report.

While UEI will not relitigate FCC’s objections to the April 11, 2023 denial of recertification, suffice it to say that FCC detailed significant factual, procedural and legal deficiencies with the denial. Ex. 1. The draft report demonstrates that OIG, upon hearing alleged improprieties from ITAs and students, referred further investigation to Federal Student Aid rather conducting additional procedures to develop audit findings or characterizing the “potential anomalies” as insignificant in the context of the audit scope. *See* Government Auditing Standards § 9.36. Referring further issues to FSA evidenced a lack of independence: “Auditors and audit organizations maintain their independence so that their opinions, findings, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by reasonable and informed third parties.” Government Auditing Standards § 3.22.

¹⁰ *See also* Government Auditing Standard § 9.68 (“If, after the report is issued, the auditors discover that they did not have sufficient, appropriate evidence to support the reported findings or conclusions, they should communicate in the same manner as that used to originally distribute the report to those charged with governance, the appropriate officials of the audited entity, the appropriate officials of the entities requiring or arranging for the audits, and other known users, so that they do not continue to rely on the findings or conclusions that were not supported. If the report was previously posted to the auditors’ publicly accessible website, the auditors should remove the report and post a public notification that the report was removed. The auditors should then determine whether to perform the additional audit work necessary to either reissue the report, including any revised findings or conclusions, or repost the original report if the additional audit work does not result in a change in findings or conclusions.”)

The Sampling Methodology Used, and the Conclusions Drawn, by OIG from the Student Interviews are Contrary to Government Auditing Standards.

The draft report discloses that the OIG “selected a stratified statistical sample of 126 students from the population of 3,426 students who were enrolled in a UEI College career pathway program and received Title IV of the HEA funds for award year 2020–2021.” Draft Report p. 1. The OIG interviewed only 12 of the 126 students. *Id.* Apparently, OIG attempted to arrange interviews with all 126 students included in its sample, but only 12 of the 24 students contacted by the OIG agreed to be interviewed. Draft Report p. 24, fn. 14.

From these 12 student interviews, two of which disclosed alleged improprieties, the OIG concluded: “Because of the potential anomalies and because only 12 of the 126 students included in our sample agreed to be interviewed, we could not conclude whether the ATB tests that the 126 students took were independently and properly administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher’s rules.” Draft Report p. 18. The odd phrasing of this conclusion bears significant scrutiny. First, the OIG characterizes the student interviews as disclosing “potential anomalies,” rather than characterizing its conclusion as a “finding” which has significance under auditing standards. Second, the OIG appears to recognize that the 12 students interviewed provided insufficient evidence on which to make audit findings. And third, the OIG states it cannot conclude whether “the ATB tests that the 126 students took were independently and properly administered” in compliance applicable regulations. Each of these issues is discussed below.

“Potential Anomalies”

OIG describes the results of its student interviews as “potential anomalies.” The terms “anomaly” or “anomalies” do not appear in Government Auditing Standards or in Generally Accepted Auditing Standards applicable to audits of non-governmental United States entities.¹¹ The “anomalies” identified in the Draft Report were further characterized as “potential,” suggesting a lack of confidence by OIG on the information provided by the students.

A “potential anomaly” is not a “finding” as defined by Government Auditing Standards, which define a finding as: “An issue that may involve a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or instances of fraud. Elements of a finding generally include criteria, condition, cause, and effect or potential effect.” *Government Auditing Standards*, Glossary.

¹¹ The Oxford dictionary defines an anomaly as “something that deviates from what is standard, normal, or expected.” International Auditing Standard (IAS) 530, Audit Sampling, defines “anomaly” as “A misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population. Misstatements can be found in the financial information of an entity.”



Because the “potential anomalies” *are not findings*, the OIG draft report contains none of the precision otherwise required by the Government Auditing Standards applicable to findings, which prejudiced UEI. For instance, “auditors should develop the elements of the findings to the extent necessary to assist management or oversight officials of the audited entity in understanding the need for corrective action.” *Id.* § 6.50. When auditors identify findings “they should plan and perform procedures to develop the criteria, condition, cause, and effect of the findings to the extent that these elements are relevant and necessary to achieve the examination objectives.” *Id.* § 7.19.

The draft report contains none of the information or perspective expected under the Government Auditing Standards when OIG makes an appropriate audit finding. *See Id.* §§ 6.51-6.52.

Moreover, the recommendations of OIG, based on the undefined “potential anomalies,” to require UEI to prove to FSA that it is in compliance with federal regulations and Wonderlic policies, unreasonably shifts the burden to UEI to prove no regulatory violations exist. In essence, OIG is imposing strict liability on UEI based on amorphous answers of two students to undisclosed questions that may have lacked a nuanced understanding of the Wonderlic testing rules and processes. These students, who are alleged to have provided information containing “potential anomalies,” were recounting events that occurred during a forty-minute multiple choice test taken during a global pandemic between two and three years prior to their interviews. The student information does not even rise to the level of a finding and certainly is not supportable under Government Auditing Standards: “Obtaining sufficient, appropriate evidence provides auditors with a reasonable basis for findings and conclusions that are valid, accurate, appropriate, and complete with respect to the audit objectives.” Government Auditing Standards § 8.12.

Finding 2 in the draft report is not supported by sufficient and appropriate evidence, and the OIG’s reliance on “potential anomalies” to form the basis for Finding 2 was an improper exercise of professional judgment by OIG.

Sufficiency

OIG indicated that it used statistical sampling techniques to come up with the 126-student sample. Draft Report p. 1. Nowhere in draft report does the OIG characterize the 12 students it interviewed, constituting .35% of the total audit period ECPP student population, as a “stratified statistical sample.” OIG recognizes in the draft report that interviewing only 12 students was inadequate (“because only 12 of the 126 students included in our sample agreed to be interviewed...”). Draft Report p. 18.

Government Auditing Standards require auditors to “obtain sufficient, appropriate evidence to provide a reasonable basis for addressing the audit objectives and supporting their findings and conclusions.” Government Auditing Standards § 8.90 (2018). “In determining the sufficiency of evidence, auditors should determine whether enough appropriate evidence exists to address the audit objectives and support the findings and conclusions to the extent that would persuade a knowledgeable person that the findings are reasonable.” *Id.* § 8.92. *Where audit risk is greater, the auditing standards presume in judging the sufficiency of evidence “the greater the quantity and quality of evidence required.”* *Id.* § 8.101.

Here, the OIG recognizes that 12 student interviews are not sufficient evidence. In such a situation, the Government Auditing Standards require that “When sampling is used, the appropriate selection method will depend on the audit objectives. When a representative sample is needed, the use of statistical sampling approaches generally results in stronger evidence than that obtained from nonstatistical techniques.” *Id.* § 8.107. Faced with such a situation where stronger evidence was needed, Government Auditing Standards call for the contact of more students in the sample in order to improve the quality and quantity of OIG’s evidence.

OIG Conclusion

The draft report signals uncertainty by OIG with the sufficiency of the evidence obtained from the student interviews. Nonetheless the OIG applies its conclusions about “potential anomalies” across the entire 126 student sample in order to make its recommendations that shift the burden to UEI “to provide additional evidence demonstrating that ATB tests were administered in accordance with Federal regulations and the test publisher’s policies and instructions.” Draft Report p. 18.

The language of the draft report – “we could not conclude whether the ATB tests that the 126 students took were independently and properly administered in compliance with 34 C.F.R. section 668.151 and the ATB test publisher’s rules” – equally suggests that the OIG also could not conclude whether there were in fact violations of the applicable regulations. The OIG does not state whether it could have reached such a conclusion had it conducted additional student interviews. And the OIG fails to explain why it refers further work on this issue to Federal Student Aid to pursue what OIG did not complete in the audit – obtain additional evidence on UEI’s compliance with federal regulations and Wonderlic policies.

The OIG Provides no Information on the Techniques it Used to Gather Testimonial Evidence.

Government Auditing Standards provide guidance to auditors relying on testimonial evidence in audits. In judging the appropriateness of evidence, “the nature and types of evidence used to support auditors’ findings and conclusions are matters of the auditors’ professional judgment based on the audit objectives and audit risk.” The following apply to testimonial evidence supporting an audit report:

- d. Testimonial evidence obtained under conditions in which persons may speak freely is generally more reliable than evidence obtained under circumstances in which the persons may be intimidated.
- e. Testimonial evidence obtained from an individual who is not biased and has direct knowledge about the area is generally more reliable than testimonial evidence obtained from an individual who is biased or has indirect or partial knowledge about the area.

Government Auditing Standards § 8.104. The OIG provides no information on the questions it asked students or ITAs or how it approached questioning those individuals to reduce anxiety or determine possible bias. And while the OIG reported the negative statements made by a minority of the interviewees, the draft report contains no assessment why the OIG found those statements reliable or credible despite a significant majority of the witnesses’ statements directly refuting those statements.

Conclusion

An audit must conform to the Government Accountability Office’s Government Auditing Standards which requires that the audit obtain sufficient, appropriate evidence that will provide a reasonable basis for the findings and conclusions based on the audit objectives. For the reasons stated above, UEI respectfully requests that OIG objectively review UEI’s concerns with the draft report and make appropriate changes to bring the Finding 2 conclusions and recommendations in the final report into alignment with Government Auditing Standards.

Respectfully,



Fardad Fateri, Ph.D.
President and Chief Executive Officer