Career and Adult Education: General Educational Development

Overview

The General Educational Development (GED) Testing Program can strengthen key processes and improve efficiency by:

- Placing more emphasis on the mail sorter role to record and restrictively endorse funds upon receipt and minimize the handling of funds;
- Strengthening internal controls through documentation using the GED information system and the creation of a quality assurance role;
- Avoiding unnecessary printing and storage by using electronic transmittals and filings where possible;
- Minimizing services performed prior to receipt of payment and retaining funds where services have been performed but no record found; and
- Assigning more responsibility to the testing centers for submitting accurate and complete testing documents, and avoiding role specialization by cross training staff.

Background

The GED program maintains permanent records for all Florida GED candidates dating back to 1945; serves as the Official Scoring Center; issues official diploma and/or transcripts for each GED candidate; and issues duplicate official diplomas/transcripts or verifications to individuals for employment, postsecondary education and/or military purposes.

The Program received over 45,000 individual requests for transcripts, diplomas, and verifications in 2010. There were 58,000 GED test takers in 2010, resulting in over 227,500 test sections scored.

The process of filling individual requests includes:

- receipt of diploma/transcript requests by the mail sorter,
- entering the orders into the GED information system and processing the requests by the individual request processor,
- any applicable research by the research specialist, and
- payment processing and reconciliation by the payment processor.

Verification requests follow a slightly different path since they do not involve money and may be received by fax or email. Verification requests are reviewed and processed by the verification processor with assistance from the research specialist as needed.

The process of scoring tests includes:

- receipt of completed tests from the testing sites,
- verification and transmittal of the written essays by the test sorter,
- verification, preparation for scanning, and scanning of the multiple choice sections by the folder engineer and scanning engineer, and
- reviewing of the testing files for scanning errors and scoring of the tests by the scoring technician.

The program manager plays a support role in both processes by assisting with system errors and special circumstances.

Audit Results

Compliance:

1. The Program entered into a Jurisdictional Memorandum of Understanding with the GED Testing Service (GEDTS) as the agency responsible for overseeing the testing in Florida. The Program also entered into a Scoring Site contract with GEDTS as the scoring site for Florida. The contract and memo include record retention, secure test material handling, and other policies and procedures. The GED program is complying with GEDTS requirements based on process mapping analysis and our observations.

Internal Controls:

2. Reviews of the process maps, observations, and discussions with staff revealed control weakness in handling funds. While mail is opened by the mail sorter and given to the individual request processor, payments are not recorded until the individual request processor enters the information into the GED information system. The payments (money orders) are then given to the payment processor and endorsed after the request has been filled. As a result, the risk of funds being compromised or misplaced is increased by exchanges between staff and delays in recording and endorsing funds.

We recommend management modify the Filling Individual Request Process to have the mail sorter role:

- Record payments attached to requests when the mail is opened,
- Restrictively endorse money orders with a deposit stamp upon receipt, and
- Transfer funds to the payment processor or a holding area to minimize handling.

3. We observed staff researching archived records and entering researched information into the GED information system. Internal procedures require these two steps be performed by separate staff members to deter the creation of false or incorrect records. However, on the day we observed, the primary researcher was on leave and one staff member performed both roles. While both roles were performed by the same

individual in order to demonstrate the process, the procedure can be easily circumvented. This control weakness would allow an employee with access to the information system to enter false information and generate a fraudulent diploma or transcript without detection.

We also observed that circumstances occur in which a diploma/transcript can be ordered and printed without payment. In the case observed, the payment processor asked the individual request processor why a payment was missing. The payment was said to be missing because the previously filled request was lost in the mail and so GED re-ordered the request free of charge. Deviations from the normal process create control weaknesses, especially when explanations are verbal.

A strong internal control system includes proper authorization and adequate oversight. Oversight can be enhanced by implementing a quality assurance role and procedure. We recommend GED management:

- Require written support for special circumstances, to include paper documentation and/or written correspondence in the GED information system, and
- Create a quality assurance role for the program manager to review a sample of transactions to ensure that procedures are followed for manually entered test scores and requests filled without payment.

Process Inefficiencies:

4. Several process inefficiencies were identified during the audit. The Program currently contracts with a firm in Oklahoma to score the written portion of the test. The original essays are mailed to the scoring site and the GED program maintains a copy of the essay, in some cases making the copies themselves. Costs are incurred for the copies made, storage of the copies, mailing of the originals, and a higher scoring fee for the scoring of paper copies. Electronic storage and transmittal of the essays would reduce these costs and would lessen the risk of lost or damaged essays.

There also are several processes where the GED program could save paper by filing documents electronically rather than printing requests or reports. For example, verification requests received by email are currently printed, processed, and filed. Based on discussions with staff, these documents are rarely, if ever, pulled after being filed. Resources are wasted by printing and filing documents that are seldom needed.

We recommend management:
- Evaluate the cost benefits of purchasing equipment to allow GED to electronically transmit essays to the scoring site,
- Move toward the electronic filing of documents where possible, and
- Avoid document printing and storage when unnecessary.

5. Individual requests are primarily received by mail and are not processed unless full payment is received. The GED Program does not accept cash or personal checks as payment for a request from an individual. This requires individuals to submit a $6 money order for each diploma or transcript.

The GED program also accepts phone orders, where the request is paid for and picked up in person. In calendar year 2010, 939 phone orders were placed but 341 or 36% were not picked up, resulting in staff completing a service without payment. An online payment method would be a convenience to candidates, ensure that payment was received before services were provided, and could expedite the process.

Funds are currently returned to candidates who file a request but do not have a record on file. The most costly part of processing a request is the labor used to open, review, and research the request, not the physical diploma/transcript that is generated. Resources are used even when a record is not found.
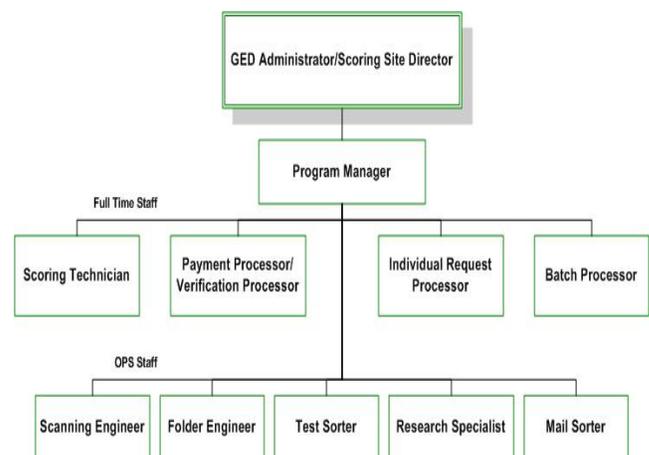
We recommend management:
- Evaluate the cost effectiveness of an online payment method, and implement if feasible,

- Avoid providing services prior to receiving payment, and
- Consider retaining funds where services were performed but no record found.

6. Scoring the multiple choice section of GED tests is a time consuming process involving several reviews, exchanges between staff, and specialized knowledge. Much of this effort appears to be required to accommodate the testing centers, which administer the test throughout the state. Staff verifies the information received from the testing centers against the centers' transmittal, prepares test documents for scanning and scoring, and reviews test files for the necessary demographic information, supplemental documents, duplicate tests, and other items. Some review of the testing documents is inevitable, but a significant portion of the corrections could be avoided if the testing centers reviewed more thoroughly the submitted testing documents, according to discussions with staff.

The GED program has a staff of five full time employees and five OPS workers. The review of scanned testing files is a specialized process currently performed by one staff member, with another member currently being trained as a back up. The scoring of tests stops when this staff member is out of the office. It is important to cross train employees to ensure that a process continues when an employee is out of the office.

We <u>recommend</u> management:
- Place more responsibility on the testing centers for submitting accurate and complete testing documents and
- Cross train employees on several process roles, thereby avoiding excessive specialization of duties.

Previous Audit Findings
The OIG reviewed internal controls in the GED office in 2008 after an individual's transcript/diploma was returned to the wrong person. We issued a memorandum in February 2008 and made recommendations regarding the segregation of duties, storage of candidate information, fees for services, and opportunities to improve processes with a new information system.

Additionally, the OIG issued an investigative report in January 2009 after an employee fraudulently issued GED diplomas/transcripts. The report recommended the GED program implement additional security controls and safeguards, restrict employee access to their database, and implement separation of duty controls between employees when issuing transcripts and diplomas.

Some recommendations contained in these reports have been implemented (e.g. separation of duties and the storage of confidential information) but not all. Some recommendations have been reemphasized in the findings and recommendations section above (e.g. funds restrictively endorsed immediately upon receipt and additional security controls and safeguards – quality assurance role).

Objectives and Scope
The objectives of this audit were to 1) determine compliance with applicable laws and rules, 2) evaluate the presence and effectiveness of internal controls, and 3) identify and assess process inefficiencies.

The audit scope included two key processes: Filling Individual Requests (diplomas, transcripts, and verifications) and Scoring Tests. These processes were selected based on previous OIG experience with the GED program and discussions with management.

This audit was identified in the OIG annual risk assessment and included in the approved annual audit plan. It was requested by Career and Adult Education management and performed in support of the Department's goal of quality efficient services with the purpose of promoting the strategic imperative of aligning resources with strategic goals.

Methodology
The two processes were diagramed and analyzed with the assistance of consultants using process mapping and improvement tools. The processes were first mapped on a macro level, with the assistance of GED management, into several main steps identifying key players, inputs and outputs, performance measures, and customer requirements. The processes were then mapped on a micro level detailing each step, organized by the role/position. This step included participation from all program staff to ensure the processes were mapped as performed.

OIG staff completed several reviews of the processes for potential control weaknesses and process inefficiencies, observed GED staff perform the processes, and worked closely with staff to indentify potential areas of concern and possible resolutions. The process mapping results were provided to the GED program.

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditing.

Closing Comments
The Office of the Inspector General would like to recognize and acknowledge Program management and staff for their assistance during the course of this audit. The process mapping and fieldwork were facilitated by the cooperation and assistance provided by all personnel involved.

A special thanks to Mr. John Austin of the Florida Department of Environmental Protection for his process mapping and improvement expertise in a noteworthy example of inter-agency cooperation.

FLORIDA DEPARTMENT OF EDUCATION

March 8, 2011

M E M O R A N D U M

TO: Ed Jordan, Inspector General

FROM: Loretta Costin

SUBJECT: Audit of the GED Testing Program

Thank you for the opportunity to review and respond to your Audit of the GED Testing Program Number 10/11-02A dated February 11, 2011.

I would like to thank you and the audit staff for working with the GED Testing staff throughout the audit process. We believe that, as a result of your audit recommendations, the changes made in processes and procedures will result in a more highly effective and efficient delivery of products and services to GED customers.

Attached is a response to each audit recommendation.

LC/dv

Attachment

Implementation Summary for Florida GED Testing Office – Office of Inspector General Review

OIG Finding	Changes to Practice	Anticipated Implementation Date
Internal Controls **Processing Payments**	Mail sorter upon opening an individual request will • Endorse the money order with deposit stamp • Transfer funds to locked cabinet until individual request log is printed • Payment processor will process the funds for deposit following current procedure	4/1/2011
Internal Controls **Data Entry**	Program manager will review and report on a sample of researched records monthly to ensure that procedures are followed	3/1/2011
Internal Controls **Processing Orders**	• When processing an individual request without payment due to special circumstances, Individual request processor will include an explanation in the notes field in the GED application • Program manager will review and report on requests made without payment to ensure that procedures are followed • All GED staff, when processing requests that involve any change in normal protocol, will document the event in writing in the GED application, rather than verbally	4/1/2011
Process Inefficiencies **Processing Essays**	• Program manager and GED administrator will determine the cost benefit analysis for submitting essays electronically to the scoring service • If cost benefits are positive, implement electronic transmittal of essays scoring service	6/30/2011
Process Inefficiencies **Paper Files**	• Program manager will set up and implement procedures for using the newly acquired networkable fax machine to store fax documents electronically • Program manager will consult with internal application support to determine if documents printed from the GED application used to correct errors can be set up to allow for printing to PDF and save electronically, rather than direct physical printing	6/1/2011

OIG Finding	Changes to Practice	Anticipated Implementation Date
Process Inefficiencies Cost Effectiveness	• Program manager and GED administrator will research and evaluate the cost effectiveness of an online payment method for duplicate transcript/diploma requests • Program manager will set up and implement changes in the procedures for individual request phone orders/pick-ups to ensure that documents are not printed until payment has been received • GED administrator will consult with Department leadership to determine if retaining funds is an option that should be considered	7/1/2011
Process Inefficiencies Scoring	• Program manager will set up a process to track, inform, and subsequently train testing centers on the inaccuracies and incomplete testing documents submitted for scoring • Scoring technician will train batch processor to be the backup for scoring. Once trained, the scoring technician backup will score a batch of tests at least once per month and when scoring technician is out of the office	9/1/2011