



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

FEB 5 2002

ED-OIG/A03-B0022

Mr. Justin E. Long
Director Educational Operations
Wonderlic, Inc.
1795 N. Butterfield Road
Libertyville, IL 60048

Dear Mr. Long:

This ***Final Audit Report*** (Control Number ED-OIG/A03-B0022) presents the results of our audit of Wonderlic's Ability-to-Benefit (ATB) program. The program includes procedures for Wonderlic Basic Skills Test (WBST) administration, scoring, and reporting.

A draft of this report was provided to Wonderlic. In its response, Wonderlic indicated that it concurred with Finding No. 1. However, Wonderlic's agreement to implement the recommendations for Finding No. 1 was contingent upon re-approval of the WBST for ATB testing purposes by the United States Department of Education (ED). Wonderlic concurred with the basis for Finding No. 2 and its recommendations, but believed that the cause of the finding was immaterial. We summarized Wonderlic's response after each finding, and a copy of the complete response is provided as an attachment to this report.

AUDIT RESULTS

Our audit disclosed that Wonderlic generally administered its ATB program in accordance with its agreement with ED, for the approved use of the WBST, and with applicable laws and regulations. However, we did identify weaknesses in Wonderlic's ATB program, as noted below.

Finding No. 1: Oversight of Wonderlic Basic Skills Test Retest Administrations Needs Improvement

Wonderlic does not have adequate processes in place to timely identify and inform institutions of all WBST administrations conducted in violation of its retesting procedures. We identified 1,270 applicants who passed an improper retest of the WBST for the period July 1, 1997, through November 12, 2000. Of the 1,270 applicants, 724 received \$3,362,839 in Title IV Student Financial Aid funds according to the National Student Loan Data System. Efforts by Wonderlic to notify institutions of improper WBST retest administrations did not begin until January 2001. In January 2001, Wonderlic began reviewing all retesting activity on a quarterly basis and providing institutions with the "Wonderlic Basic Skills Test ATB Retest Exception Report." Each institution with at least one retesting violation during the reporting quarter receives a report. The report lists retest administrations, for that institution only, that were not conducted in

accordance with Wonderlic's retesting procedures. The report also provides a description of each retest violation and states that the tests are considered invalid for use in qualifying students for Title IV Federal Financial Assistance.

The *Wonderlic Basic Skills Test User's Manual for Ability-To-Benefit Testing* states —

When an applicant has already taken both verbal and quantitative forms 1 & 2 of the WBST, but you believe that he or she has not been accurately assessed, you may retest the applicant again on either form in accordance with the following rules:

1. The applicant must have already taken both forms of the WBST once.
2. The applicant may be retested on the same test form once, and only once.
3. The applicant must not have been told in advance that there would be an opportunity to take the same test form again.
4. The applicant may be retested on the same form only if at least 60 days have passed since he or she was initially tested on that form.

The "Wonderlic Basic Skills Test ATB Retest Exception Report" is run for each institution, considering only those WBST administrations conducted for the institution rather than the entire testing history of each applicant. As a result, any retest violations that have occurred due to an applicant testing at more than one institution are not reported.

Federal regulations state —

- "The agreement between a test publisher and the Secretary provides that the test publisher shall . . . [c]ertify test administrators who have . . . [t]he necessary training, knowledge, and skill to test students in accordance with the test publisher's testing requirements" 34 C.F.R. § 668.150(b)(2)(i).
- "An institution may use the results of an approved test to determine a student's eligibility to receive Title IV, HEA programs funds if the test was independently administered and properly administered." 34 C.F.R. § 668.151(a)(2).
- "The Secretary considers that a test is properly administered if the test administrator . . . [a]dministers 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).

Failure to timely report all retest administrations not conducted in accordance with Wonderlic's established procedures may result in invalid ATB determinations, improper admission of students, and disbursements of Title IV, HEA program funds to ineligible students.

Recommendations:

We recommend that the Chief Operating Officer (COO) for Student Financial Assistance (SFA) require Wonderlic to —

- 1.1 Consider the entire WBST testing history of each applicant when preparing the “Wonderlic Basic Skills Test ATB Retest Exception Report.”
- 1.2 Improve its process for identifying and reporting retest errors, to ensure that institutions have accurate and timely information at the time that eligibility determinations are made.

Wonderlic's Reply:

Wonderlic indicated that it concurred with our finding; however, it only agreed to implement our recommendations upon ED's re-approval of the WBST for ATB testing purposes. Wonderlic's response states that —

Wonderlic will invest the necessary time and resources to make these changes to both the Individual Student and Quarterly WBST Reporting systems when the Department of Education completes its review of the WBST for ability-to-benefit purposes.

Wonderlic explained that it does not necessarily receive submitted WBST answer sheets in the chronological order in which they were administered to students. As a result, Wonderlic contends that in retest situations it can never guarantee that the official score report generated truly reflects complete and proper compliance with its retesting rules and procedures.

Wonderlic further states that its ITA's are responsible for testing applicants in compliance with its rules for retesting. At the time of the original approval of the WBST the instructions to the ITA in the *Wonderlic Basic Skills Test User's Manual For Ability-to-Benefit Testing* stated —

You are responsible for conducting retests in accordance with these rules. Therefore, you should maintain a record of all test forms administered to an applicant and the specific dates on which they were administered. Wonderlic will not review the appropriateness of individual retest administrations when answer sheets are submitted for official scoring

In its response, Wonderlic also asked questions about school procedures in certain circumstances and proposed that schools only be held responsible for retest administrations at the same school system or conducted by the same ITA in any other location.

OIG's Response:

We have not made the implementation of our recommendations contingent upon the re-approval of the WBST by ED. Since re-approval is based, in part, on approved testing procedures, ED

should take Wonderlic's implementation of our recommendations into account when considering re-approval of the WBST.

Wonderlic's response appears to confirm that it lacks the internal controls needed to ensure that its approved procedures are followed and that institutions have accurate and timely information when eligibility determinations are made. Because Wonderlic, not its ITA's, maintains the entire testing history of its applicants, only Wonderlic can determine for certain whether a retest was administered in compliance with its retesting procedures. For these reasons, our recommendations to SFA remain as originally proposed.

In addition, our conclusions and recommendations are based on the requirements and approved procedures that were effective during the audit period. As a result, we are not responding to Wonderlic's request for clarification or its proposal to modify its procedures. Wonderlic's questions and proposal should be addressed to ED, either during the audit resolution process or during consideration of re-approval of the WBST.

Finding No. 2: Untimed Wonderlic Basic Skills Test Administration Requirements Were Not Always Enforced

Our review revealed that Wonderlic did not always enforce its established procedures for conducting untimed test administrations of the WBST. The untimed WBST administration combines a standard 20 minute time period with a subsequent untimed period on the same test form. Wonderlic provides scores on both a timed and untimed basis for each administration. The untimed score contains a statistical score adjustment, while the timed score does not. As a result, either, both, or neither of the applicant's timed and untimed scores may reflect a passing score.

We determined that there was inadequate documentation for 1,164 (27 percent) of the 4,262 untimed test administrations conducted by certified WBST independent test administrators (ITA) and processed by Wonderlic for official scoring during the period July 1, 1997, through November 12, 2000. Of the 1,164 untimed test administrations, 458 (39 percent) had a "PASS" status. Of the 458 test administrations that were a "PASS", 164 were cases where the applicant passed with the untimed administration score, but would not have passed with the timed administration score.

Federal regulations applicable to this finding are the same as those cited for Finding No. 1: 34 C.F.R. §§ 668.150(b)(2)(i), 668.151(a)(2), and 668.151(d)(2).

The *Wonderlic Basic Skills Test User's Manual for Ability-To-Benefit Testing* states —

The WBST can be administered on an untimed basis when a physical or mental condition prevents an applicant from fluidly responding to the test questions. For example, applicants with extremely poor vision, dyslexia, or excessive test anxiety may be candidates for an untimed administration. . . .

The WBST measures whether an applicant currently has the basic language and math skills necessary to succeed in the classroom. Therefore, administering the WBST on an untimed basis merely because an applicant has failed to demonstrate the necessary skills is inappropriate. If [the ITA determines] that an untimed administration is necessary to accurately measure the skills of a particular applicant, [the ITA] must document the reason for the untimed administration in the applicant's permanent record folder and in the Problems/Limitations box on the reverse side of the ATB answer sheet.

If a reason for an untimed administration is not documented in the Problems/Limitations box, an edit prevents the scoring program from processing the WBST answer sheet. Wonderlic officials explained that, if the justification for an untimed administration is not documented in the Problems/Limitations box on the reverse side of the ATB answer sheet, Wonderlic personnel input "No Reason Given" or a variation of this terminology in the Problems/Limitations box so that the answer sheet can be scored.

Processing ATB test answer sheets for invalid untimed administrations of the WBST may result in improper ATB determinations, inappropriate admission of students, and disbursements of Title IV, HEA program funds to ineligible students.

Recommendations:

We recommend that the COO for SFA require Wonderlic to —

- 2.1 Strengthen its management controls to ensure that ITA's follow the already established procedures for conducting an untimed WBST.
- 2.2 Process only WBST answer sheets for untimed test administrations that contain a valid reason for testing the applicant on an untimed basis.

Wonderlic's Reply:

Wonderlic concurred with the basis for the finding and recommendations, but it believed that the cause of the finding was immaterial. Wonderlic's response stated that it has already modified its procedures to ensure that it only scores WBST answer sheets for untimed test administrations that contain a valid reason for testing the applicant on an untimed basis:

After this issue was raised during Wonderlic's on-site audit, Wonderlic immediately modified its operational procedures to include a personal contact to either the ITA or school to obtain this information in any instance when it has not been recorded on the Answer Sheet.

Wonderlic's response explained that with respect to WBST ATB student norms and pass rates, it is irrelevant whether the test is administered on a timed or untimed basis:

With respect to untimed WBST test administrations, it is important to note that:

- 1) the lack of a recorded reason for untimed administration has no bearing on the proper scoring of the WBST on an untimed basis, and,
- 2) that the scoring procedure for the WBST on an untimed basis contains a statistical score adjustment that allows timed and untimed WBST results to be interpreted on an equivalent basis. . . .

OIG's Response:

We reviewed Wonderlic's comments but our conclusion remains unchanged. Federal requirements only allow institutions to use an approved ATB test to determine a student's eligibility to receive Title IV, HEA program funds, if that test was administered in accordance with the test publisher's instructions.

Our recommendations remain unchanged as well. Regarding Wonderlic's modification of its procedures, Wonderlic's contact should be with the ITA alone, rather than the ITA or the school, to ensure the independent administration of the test.

BACKGROUND

The Higher Education Technical Amendments of 1991 amended the HEA, requiring postsecondary students who do not have a high school diploma or its equivalent to pass an independently administered examination that has been approved by ED before receiving Title IV, HEA program funds. These examinations are intended to establish that students have the ability to benefit from postsecondary school training programs. This testing has become known as "Ability-to-Benefit (ATB) testing."

On December 1, 1995, ED published final regulations, effective July 1, 1996, specifying the procedures and requirements for ATB testing which affect test publishers, schools, and ITA's, as Subpart J of 34 C.F.R. Part 668. Compliance with these regulations is mandatory in determining the eligibility of applicants for Title IV, HEA program funds.

ED assesses tests submitted for ATB approval according to the requirements in Subpart J of 34 C.F.R. Part 668. ED approves a test for a period of no more than five years, although the approval can be extended while a subsequent review is conducted to determine re-approval. A list of approved tests and passing scores are published in the *Federal Register*. The initial list of approved tests was published in the *Federal Register* on October 25, 1996. The Wonderlic Basic Skills Test was approved by ED and appeared on the list published on October 25, 1996.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of our audit was to determine whether Wonderlic properly administered its ATB program in accordance with its agreement with ED, for the approved use of the WBST, and with applicable laws and regulations. To accomplish our objective —

- We analyzed a computer file, provided by Wonderlic, that contained data about the universe of WBST ATB test administrations (159,310) conducted during the period July 1, 1997, through November 12, 2000.
- We analyzed computer files, provided by Wonderlic, covering the period December 1996 through October 2000 that contained data about the universe of certified WBST ITA's (2107) and the universe of decertified WBST ITA's (54). We examined the file documentation for 25 randomly selected certified WBST ITA's and 5 randomly selected decertified ITA's.
- We reviewed Wonderlic's procedures for WBST ATB test administration, scoring and reporting. We interviewed Wonderlic personnel to obtain an understanding of these procedures.
- We reviewed Wonderlic's report "An Analysis of Wonderlic Basic Skills Test and Wonderlic Scholastic Level Exam Test Score Distributions from Ability-to-Benefit Test Administrations."

During our review at Wonderlic, we also tested the reliability of computerized WBST ATB data by comparing selected data records with the completed WBST answer sheets. We concluded that the computerized information was sufficiently reliable for the purposes of our audit.

We conducted our on-site fieldwork at Wonderlic, Inc., in Libertyville, IL, from November 13, 2000, through November 17, 2000. Our exit conference was held on November 17, 2000. Subsequent to the completion of our fieldwork, we performed additional analyses, from November 2000 through January 2001. Our additional analyses did not identify any new reportable conditions. We sent a draft of this audit report to Wonderlic on November 30, 2001, and we received Wonderlic's comments on the draft on December 28, 2001. Our audit was performed in accordance with government auditing standards appropriate to the scope of the audit described above.

STATEMENT ON MANAGEMENT CONTROLS

As part of our review, we assessed Wonderlic's management control structure, as well as its policies, procedures and practices applicable to the scope of the audit. We assessed the level of control risk for determining the nature, extent and timing of our substantive tests to accomplish the audit objective.

For the purpose of this report, we assessed and classified the significant controls into the following categories:

- ITA Training and Certification
- WBST Administration
- WBST Scoring
- WBST Reporting
- WBST Records Management

Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the management controls. However, our assessment disclosed management control weaknesses, which adversely affected Wonderlic's ability to administer its ATB program. These weaknesses are discussed in the Audit Results section of this report.

ADMINISTRATIVE MATTERS

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. Determination of corrective action to be taken will be made by the appropriate Department of Education officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department of Education official, who will consider them before taking final Department action on the audit:

Mr. Greg Woods
Chief Operating Officer
Student Financial Assistance
Union Center Plaza Building, Rm. 112G1
830 1st Street, NE
Washington, DC 20202

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us in the review. Should you have any questions concerning this report please contact Bernard Tadley, Regional Inspector General for Audit, at 215-656-6279.

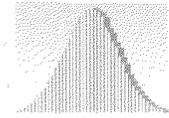
Sincerely,



Thomas A. Carter
Assistant Inspector General for Audit

Attachment

Wonderlic



Employment recruiting, assessment and selection technologies

December 28, 2001

RECEIVED DEC 28 2001

Bernard Tadley, Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
The Wanamaker Building
100 Penn Square East, Suite 502
Philadelphia, PA 19107

Dear Mr. Tadley:

Thank you for allowing us to respond to the *Draft Audit Report* (Control Number ED-OIG/A03-B0022) regarding the use of the Wonderlic Basic Skills Test (WBS1) in the Ability-to-Benefit program.

Wonderlic will make the requested modifications contained in the above mentioned Audit Report at the completion of the U.S. Department of Education's review of the WBST for reapproval in Title IV ability-to-benefit testing. Wonderlic's comments regarding these modifications are detailed in the attached document.

If you have any questions regarding these comments, please contact me directly at 847-247-2469.

Sincerely,

Wonderlic, Inc.

A handwritten signature in cursive script that reads "Winifred L. Clonts".

Winifred L. Clonts
Executive Vice President

Draft Audit Report (Control Number ED-OIG/A03-B0022)
Response from Wonderlic, Inc., publisher of the Wonderlic Basic Skills Test (WBST)

Reviewer Comment No. 1: Oversight of Wonderlic Basic Skills Test Retest Administrations Needs Improvement

Recommendations:

The auditors recommend that the Chief Operating Officer (COO) for Student Financial Assistance (SFA) require Wonderlic to –

- 1.1 Consider the entire WBST testing history of each applicant when preparing the “Wonderlic Basic Skills Test ATB Retest Exception Report.”**
- 1.2 Improve its process for identifying and reporting retest errors, to ensure that institutions have accurate and timely information at the time that eligibility determinations are made.**

Wonderlic, Inc. requires Independent Test Administrators (ITAs) to submit all WBST answer sheets promptly after each test administration. Nonetheless, the Department of Education has already acknowledged the fact that submitted Answer Sheets do not necessarily arrive to Wonderlic in the chronological order that they were administered to students.

Therefore, in WBST retest situations, Wonderlic can never guarantee that the official test score report generated truly reflects complete and proper compliance with Wonderlic’s retesting rules and procedures as published page 42 of the *Wonderlic Basic Skills Test User’s Manual For Ability-to-Benefit Testing*. It is for this reason that ITA’s must be responsible for maintaining all proper retesting documentation and enforcing the approved WBST retesting procedures. This is clearly stated in the final paragraph on page 43 of the *Wonderlic Basic Skills Test User’s Manual For Ability-to-Benefit Testing*.

The instructions to the ITA in this paragraph at the time of original approval state:

“You are responsible for conducting retests in accordance with these rules. Therefore, you should maintain a record of all test forms administered to an applicant and the specific dates on which they were administered. Wonderlic will not review the appropriateness of individual retest administrations when answer sheets are submitted for official scoring....”

Wonderlic will invest the necessary time and resources to make these changes to both the Individual Student and Quarterly WBST Reporting systems when the Department of Education completes its review of the WBST for ability-to-benefit purposes.

In order to implement these changes, Wonderlic will need further clarification from the U.S. Department of Education defining the procedure that a school is to follow when:

- 1) a student's WBST test administration has been invalidated due to a previous administration for that same student at a different school.
- 2) a student has already been admitted prior to the arrival of an Answer Sheet which invalidates the qualifying test administration upon which their loan determination was based.

In light of the operational difficulties that arise from the above two issues, Wonderlic would like the Department to consider a more practical approach that only holds schools responsible for WBST retesting procedures as they pertain to test administrations actually conducted for their school system or by their ITA in any other location.

Historically, has observed very few incidences of a student being tested using the same Wonderlic ATB test form at a completely different school. Therefore, Wonderlic's suggested solution sets forth a much more realistic and fair requirement for schools to follow that maintains the intent and letter of the WBST retesting procedures which have already been approved by the U.S. Department of Education.

Reviewer Comment No. 2 Untimed Wonderlic Basic Skills Test Administration Requirements Were Not Always Enforced

Recommendations:

The auditors recommend that the COO for SFA require Wonderlic to –

- 2.1 Strengthen its management controls to ensure that ITA's follow the already established procedures for conducting an untimed WBST.**
- 2.2 Process only WBST answer sheets for untimed test administrations that contain a valid reason for testing the applicant on an untimed basis.**

The reviewers have concluded that the reason identified by the ITA for conducting an untimed test administration was not always documented on the WBST Answer Sheets submitted to Wonderlic for scoring.

After this issue was raised during Wonderlic's on-site audit, Wonderlic immediately modified its operational procedures to include a personal contact to either the ITA or

school to obtain this information in any instance when it has not been recorded on the Answer Sheet.

With respect to untimed WBST test administrations, it is important to note that:

- 1) the lack of a recorded reason for untimed administration has no bearing on the proper scoring of the WBST on an untimed basis, and,
- 2) that the scoring procedure for the WBST on an untimed basis contains a statistical score adjustment that allows timed and untimed WBST results to be interpreted on an equivalent basis. (As described in detail on pages 60-61 of the *Wonderlic Basic Skills Test User's Manual For Ability-to-Benefit Testing*.)

Therefore, with respect to WBST ability-to-benefit student norms and pass rates, it is immaterial whether the WBST is administered on a timed or untimed basis.

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