

**THE DRAFT 2006 *GOVERNMENT
AUDITING STANDARDS*
&
THEIR RELEVANCE TO WMU'S
PROGRAM REVIEWS**

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BACKGROUND OF THIS ANALYSIS

- Universities need to evaluate programs to improve their coherence, quality, cost-effectiveness, & credibility.
- WMU failed in such efforts in 1979 & 2006.
- WMU had not employed approved standards.
- Standards for program evaluations have been available since 1981, especially at WMU (the organizational home of the Joint Committee on Standards for Educational Evaluation).
- GAO is working to make its standards more applicable to program evaluations.

APPROVED STANDARDS INCLUDE

- 2004 AEA *Guiding Principles for Evaluators*
- 1994 *Program Evaluation Standards*
- 2003 *Government Auditing Standards*

THESE STANDARDS PROVIDE EVALUATORS

- Principled Direction
- Technical Guidance
- A Basis for Professional Credibility
- A Basis for Public Accountability
- A Basis for Evaluating Evaluations

As seen in the ENRON debacle, failure to meet standards can contribute to

- Conflict of interest & bias
- Erroneous conclusions & poor decisions
- Cover-ups
- Breakdown of trust
- Organizational repercussions
- Personal losses & tragedies
- Lowered credibility of evaluators, their organizations, & their profession
- Increased governmental controls

ON THE OTHER SIDE

- Employment of approved standards can help make a risky evaluation viable, defensible, & productive.
- Evidence to support this claim abounds in past evaluations by WMU's Evaluation Center.

QUESTIONS FOR THIS ANALYSIS are

- What were the main features of WMU's failed 2006 graduate program review?
- To what extent are the GAO standards sound & useful for guiding & assessing WMU's future program reviews?

CAVEATS

- WMU's 2006 graduate program review was not accountable for meeting GAO's draft 2006 auditing standards.
- Those standards are still under development.
- WMU did not apply those standards or any other approved standards for the 2006 program review.

HOWEVER

- In university program reviews—as in wars—after-action analyses are needed to inform & strengthen future operations.
- WMU plans to conduct future program reviews (beginning in 2009).
- Approved standards are useful for examining past reviews & strengthening future reviews.

THIS PRESENTATION INCLUDES:

1. A summary of WMU's 2006 review of its graduate programs
2. A summary of the draft 2006 *Government Auditing Standards*
3. Questions to address in assessing the GAO standards' utility for guiding & judging program reviews
4. A general program review design keyed to the draft 2006 GAO standards
5. An appendix of sources of standards documents & other references

PART ONE

WMU'S 2006 REVIEW OF ITS GRADUATE PROGRAMS

WMU's 2006 CONTEXT WAS TENSE

- WMU's board affirmed its confidence in the president (12/05).
- Faculty gave the president & provost low ratings (based on a 2/06 faculty senate survey).
- Enrollment was declining sharply.
- WMU faced a fiscal crisis.
- Focus of the review was resource allocation.
- Morale was low.

THE REVIEW'S PURPOSES were to

- **Address the fiscal crisis** over the university's inability to support all of its programs & maintain excellence.
- Determine which programs were highest **strategic priorities** based on their quality & which ones should become **investment centers** for positions & increased funds.

The review's **SCOPE** was highly challenging

- Launched on 7/19/05.
- Required to be completed within **1 year.**
- Included **all masters and doctoral programs.**
- 129 programs were reviewed in an 8-month period.

THE REVIEW'S PLAN

- Keyed to Dickeson book (see Appendix)
- Data book
- Program's report
- Dean's report
- Review team's report
- Appeals of review team's report
- Provost's final report
- Board's decisions
- **No** update of WMU's mission
- **No** appeals of provost's conclusions
- **No** adoption of standards for reviews
- **Minimal** participation of outside evaluators
- **No** external evaluation of the review

GENERAL REVIEW CRITERIA

- External **demand**
- Quality of student & program **outcomes**
- Program **size, scope, & productivity**
- Program **impact, justification, & essentiality**
- **Opportunity analysis**
- **Compelling program factor** (feature that makes the program unique & excellent)

CRITERIA OMITTED FROM DICKESON'S LIST

- History, development, & expectations of the program
- Internal demand for the program
- Quality of program inputs & processes
- Quality of program outcomes
- Revenue & other resources generated
- Costs & other associated costs

PARTICULAR EVALUATION PROCEDURES were

- Program's **self-report**
- **Document & data book review**
- **Group & individual interviews**
- Variable **protocols for ratings** of 1-5
- **Rating** of each program by department, dean, review team, & provost
- **Synthesis** by provost & staff

REVIEW PERSONNEL

- Essentially, all were **internal**.
- The **provost** was both the **primary decision maker & the de facto lead evaluator**.
- **Provost's staff** assisted the process.
- A program **representative** wrote the report & sent it to dept. faculty, dean, & review team.
- **Faculty input varied** across programs.
- The **dean** rated the college's programs & sent reports to dept. chairs & review team.

REVIEW PERSONNEL (continued)

- Seven 7-person **review teams** rated designated programs & on the same day e-mailed all reports to the provost & to pertinent deans & department chairs.
- Review team members were from **inside & outside** the program's college, with the majority from outside.
- **One review team leader presided** of the others.
- The **provost met with deans** before making final judgments & decisions.
- A **WMU evaluation specialist** advised on the process.

FINAL REPORT

- Issued **May 11, 2006**.
- Gave **priorities for funding** in each college.
- Announced plans to **maintain 56, increase 16, merge 6, maintain/merge 17** subject to review, **transfer 8, close 26, & create 6** new degrees.

FINAL REPORT (continued)

- **Gave no ratings of each program on each criterion & overall.**
- **Included no evidentiary basis for decisions**
- **Referenced no technical appendix.**
- **Referenced no accessible files of supporting data, analyses, & data collection tools.**
- **Reflected no stakeholder review of its draft version.**

OUTCOMES

- Local newspaper **applauded** the report (5/12/06).
- Review **evidence & its link to conclusions were inaccessible** to many interested parties.
- Professors & others engaged in an extended process of **protests**.
- President announced an **appeal process** (5/18/06).
- Faculty voted to call for a **censure** of the provost (5/18/06).
- Provost **resigned** (5/20/06).
- Appeals **overturned 10 Planned cuts** (7/14/06).

OUTCOMES (continued)

- Potential **savings from cuts were reduced.**
- **Community watched** a contentious process.
- WMU's **board fired the president (8/15/06).**
- Board awarded ex-president **\$530,000 in severance pay (10/27/06).**
- Projected **review of undergraduate programs was canceled**, ceding priority to that area by default.
- Reviews are scheduled to resume in 2009.

CLEARLY, THIS PROGRAM REVIEW FAILED

- What went **right and wrong**?
- We **can look to standards** for program evaluations for insights into this important question.
- This analysis looks to the draft 2006 ***Government Auditing Standards.***

PART TWO

THE DRAFT 2006 *GOVERNMENT AUDITING STANDARDS*

BACKGROUND OF THE GAO STANDARDS

- Since 1974, the US Comptroller General has been issuing the *Government Auditing Standards* (Yellow Book).
- The GAO standards cover government-funded departments & programs at federal, state, & local levels.
- Public universities are among the intended users.

THE GAO STANDARDS FOCUS ON

- FINANCIAL AUDITS
- ATTESTATION ENGAGEMENTS (conducting agreed-upon procedures on a subject matter or an assertion about a subject matter & reporting on the results)
- PERFORMANCE AUDITS (including program evaluations)

THE GAO STANDARDS include

- General Standards
- Field Work Standards
- Reporting Standards

FOUR GENERAL STANDARDS:

- Independence
- Professional Judgment
- Competence
- Quality Control & Assurance (including external peer review)

1. INDEPENDENCE

- **The audit organization & the auditor must be free both in fact and appearance from personal, external, and organizational impairments to independence.**
- Impairments include conflicts of interest, unreasonable time limits, improper interference by supervisors, and many more.

2. PROFESSIONAL JUDGMENT

- **Auditors must use...professional skepticism and reasonable care and diligence in planning and performing audits...and in reporting results.**
- Auditors must exercise sound professional judgment in carrying out all aspects of their audit responsibilities and must insist on sufficient, appropriate evidence.

3. COMPETENCE

- **The staff...must collectively possess adequate professional competence for the tasks required.**
- Audit organizations should have an effective process for recruitment, hiring, continuous development, assignment, performance evaluation, advancement, and compensation of audit staff.

4. QUALITY CONTROL & ASSURANCE

- Each audit organization...must have an internal quality control system...to provide reasonable assurance that the organization & its personnel comply with & that reports are issued in accordance with regulatory & legal requirements & professional standards.**
- Requires periodic external peer reviews.**

FIELD WORK STANDARDS for Performance Audits: **FRAMEWORK**

- Reasonable Assurance
- Significance
- Audit Risk

FIELD WORK STANDARDS
for Performance Audits: FRAMEWORK—**Reasonable
Assurance**

- Auditors exercise professional judgment in determining the needed audit scope & methodology, while providing reasonable assurance that the obtained evidence is sufficient & appropriate to support the conclusions reached.

FIELD WORK STANDARDS
for Performance Audits: FRAMEWORK—**Significance**

- ...considering significance assists auditors to decide the type and extent of audit work to perform, evaluate results...and develop the report.

FIELD WORK STANDARDS

for Performance Audits: FRAMEWORK—**Audit Risk**

- Reduce audit risk to a level that is sufficiently low...to provide reasonable assurance that the evidence is sufficient and appropriate to achieve the audit objectives and support the conclusions.
- In assessing risks, consider time frames, complexity, or sensitivity of the work; size of the program; auditors' access to records; possibilities of fraud; and so forth.
- reduce audit risk by such means as collecting additional or higher quality evidence.

FIELD WORK STANDARDS

for Performance Audits: **The Standards**

- Planning
- Supervision
- Obtaining Sufficient, Appropriate Evidence
- Audit Documentation

1. PLANNING

- **Auditors must adequately plan and document the planning of the work necessary to achieve the audit objectives.**
- Plans should cover significance, risks of fraud and abuse, objectives, scope, methodology, nature & profile of programs, internal control of information, validity & reliability of information, external peer review, legal & contractual requirements, results of previous audits, criteria, sources of evidence, & staff.

2. SUPERVISION

- **Audit supervisors or those designated to supervise auditors must properly supervise audit staff.**
- Supervisors should take account of the staff's experience, provide clear direction, stay informed about significant problems encountered, review the work performed, and provide effective on-the-job training.

3. OBTAINING SUFFICIENT, APPROPRIATE EVIDENCE

- **Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings, conclusion, and recommendations.**
- Concerns are for sufficient quality and quantity of evidence to support findings, conclusions, and recommendations.
- Key criteria for assessing evidence are relevance, validity, and reliability.

4. AUDIT DOCUMENTATION

- **Auditors must prepare & maintain audit documentation in sufficient detail to provide a clear understanding of the audit's planning, conduct, and reporting & of the appropriateness & sufficiency of evidence used to support the findings, conclusions, & recommendations.**
- This documentation constitutes the principal record of the auditor's effort & level of success in meeting the GAO standards.

THREE REPORTING STANDARDS for Performance Audits

1. Reporting
2. Report Contents
3. Report Issuance and Distribution

1. REPORTING

- **Auditors must issue reports communicating the audit's results.**
- Should utilize a form of report that is appropriate for its intended use and also retrievable.

2. REPORT CONTENTS should include

- (a) the audit's objectives, scope, & methods**
- (b) audit results, including findings, conclusions, & recommendations, as appropriate**
- (c) a reference to compliance with generally accepted government auditing standards**
- (d) a summary of the views of responsible officials**
- (e) if applicable, the nature of any privileged and confidential information omitted**

3. REPORT ISSUANCE & DISTRIBUTION

- **Auditors should submit audit reports to those charged with governance, appropriate officials of the audited entity, the appropriate officials of the organizations requiring or arranging for the audits, including external funding organizations ...unless legal restrictions prevent it, & to others as appropriate.**
- **Should clarify whether the report will be made available for public distribution.**

PART THREE

QUESTIONS TO ADDRESS IN ASSESSING THE GAO STANDARDS' UTILITY FOR GUIDING & JUDGING PROGRAM REVIEWS

REPRISE

- WMU's 2006 program review failed.
- In that review, WMU did not apply approved standards for evaluations.
- WMU should consider using the GAO standards in future program reviews.
- Following are questions for assessing the relevance of the GAO standards to university-based program reviews.

QUESTIONS FOR REFLECTION & INVESTIGATION

1. In planning a program review, what criteria should determine whether the university community is ready to proceed?
2. Should universities engage independent evaluators to lead program reviews?
3. Should universities engage independent metaevaluators to assess and report on the merits of review procedures and reports?

STUDY QUESTIONS (continued)

4. If yes to 3, should the metaevaluation be both formative and summative?
5. Should universities assure that program reviews include thorough documentation of evaluative plans, procedures, data, findings, and conclusions?

STUDY QUESTIONS (continued)

6. Should program reviews assess only a fraction of programs in any given review period?
7. What should a university's leaders do to assure that stakeholders are meaningfully and appropriately involved in reviews and develop confidence in the results?
8. Should program reviews include pilot tests and validation of employed procedures and tools?

STUDY QUESTIONS (continued)

9. Should each review culminate in a main report, a technical report, and a summative metaevaluation report?

10. Should a university formally adopt a set of approved standards as policy for guiding & judging its program reviews?

STUDY QUESTIONS (continued)

11. How appropriate are the GAO standards for guiding & assessing program reviews?
 - Do they address the main issues & problems seen in WMU's 2006 graduate program review?
 - What adaptations would be required for the GAO standards to work in universities?
 - What steps would a university need to take to make the GAO standards a useful tool for evaluating programs?

STUDY QUESTIONS (continued)

12. Would a university need to amalgamate the GAO standards and *The Program Evaluation Standards* in order to cover all important evaluation issues, such as stakeholder identification & external metaevaluation?

PART FOUR

A GENERAL PROGRAM REVIEW DESIGN

KEYED TO

THE DRAFT 2006 GAO STANDARDS

GENERAL STANDARD: **INDEPENDENCE**

- Provost should not be both the lead evaluator & key decision maker.
- University should consider engaging a qualified independent evaluator.
- Should negotiate a written agreement for the evaluator's performance.
- Should contract for an independent metaevaluation.

GENERAL STANDARD: PROFESSIONAL JUDGMENT

- Adopt & implement approved standards for program evaluations.
- Set & maintain a constructive, professional tone.
- Define a manageable scope & reasonable timeline.
- Arrange for meaningful involvement of campus personnel.
- Assure that evidence will be linked to conclusions.
- Assure appropriate communication & transparency.
- Judge the study's plans & reports against adopted standards.
- Before proceeding, assure there is adequate preparation & readiness across the campus.

GENERAL STANDARD: COMPETENCE

- Acquaint the full range of interested parties with the evaluation's purpose, scope, & standards.
- Train key participants in the evaluation's standards, plan, & procedures.
- Assure that evaluation teams possess pertinent technical & content expertise.
- Calibrate those who will provide ratings.
- Assure effective supervision of evaluation activities.
- Update training & calibration as needed.

GENERAL STANDARD: QUALITY CONTROL & ASSURANCE

- Update & assure the accuracy of the institution's database.
- Design & implement a system for controlling the accuracy, security, & distribution of obtained information.
- Obtain both formative & summative metaevaluation reports focused on the database & quality control system.

FIELD WORK STANDARD: **PLANNING**

- Considering the importance & political volatility of program reviews, assure that the study's scope is reasonable, its resources are sufficient, its procedures will be validated, & its conclusions will be justified & trusted.
- Rather than assessing all programs in a given time period, consider options such as screening to identify those most in need of assessment or reviewing only a fraction of the programs in any given year.

FIELD WORK STANDARD: PLANNING (CONTINUED)

- Clarify the criteria to be applied in evaluating programs.
- Consider invoking the following possible criteria: external demand; quality of faculty & students; quantity & quality of student & program outcomes; research productivity of faculty; community service; leadership in the profession; quality of program administration, planning, & evaluation; reputation; opportunities for external support; & cost-effectiveness.

FIELD WORK STANDARD: **PLANNING**

(CONTINUED)

- Allow sufficient time & resources to take steps required to convince the full range of stakeholders that the study's evidence & conclusions will be relevant, valid, reliable, & unbiased.
- Launch the study only if all necessary steps have been taken to reduce audit risk to a level that is sufficiently low to provide reasonable assurance that the obtained evidence & conclusions will be valid, fairly presented, & trusted.

FIELD WORK STANDARD: PLANNING (CONTINUED)

- Engage a review panel to help develop a scope of work—including the study's significance, criteria, & programs to be assessed.
- Address the study's risks, goals, scope, methods, database, quality control of data, previous studies, data sources, & staff.
- Plan for training & engaging university personnel, maintaining communication with stakeholders, collecting data, & reviewing, finalizing, & disseminating reports.
- Field test & validate data collection procedures & tools.
- Engage stakeholders to critique draft plans, instruments, & reports.

FIELD WORK STANDARD: **SUPERVISION**

- Engage a university administrator to oversee & coordinate the involvement of university personnel & provide liaison to the evaluator & metaevaluator.
- Develop clear protocols for the evaluator & external metaevaluator to follow in collecting information & meeting with university personnel.

FIELD WORK STANDARD: OBTAINING SUFFICIENT, APPROPRIATE EVIDENCE

- Systematically carry out the approved data collection plan.
- Collect data from multiple sources & cross-check the different sets of findings.
- Document & assess the importance of deviations from the approved plan.
- Assess the extent to which the study's findings, conclusions, & recommendations are based on & appropriately linked to relevant, reliable, & valid information.
- Engage the metaevaluator to assess the data for bias, errors, misrepresentation, etc.

FIELD WORK STANDARD: AUDIT DOCUMENTATION

- Systematically & thoroughly document the study's procedures, data, findings, & conclusions.
- Pursuant to established protocols, make the audit documentation available to right-to-know audiences.

REPORTING STANDARD: REPORTING

- Prepare a final evaluation report for public distribution.
- Prepare a technical report that details the study's plan, procedures, instruments, data, & assessment of the study's validity.
- Obtain the external metaevaluator's summative report.
- Develop formats for reporting that are appropriate for the intended uses by the different targeted audiences.

REPORTING STANDARD: REPORT CONTENTS

- Denote in the final report (1) the study's goals, scope, & methods; (2) findings, conclusions, & recommendations; (3) a reference to compliance with the adopted standards; (4) the views of stakeholder groups, e.g., the university senate & faculty union; & (5) any privileged & confidential information omitted.
- The external metaevaluator's report should include an assessment of the program review's achievement of its goals & its compliance with the adopted standards for program evaluations.

REPORTING STANDARD: REPORT ISSUANCE & DISTRIBUTION

- Submit the final report, technical report, & metaevaluation report to the university's administration, board, & faculty.
- Make the reports available for public inspection.

APPENDIX

SOURCES OF STANDARDS DOCUMENTS

&

OTHER REFERENCES

US GOVERNMENT AUDITING STANDARDS

- By the Comptroller General of the United States (June 2003)
- GAO-03-673G Government Auditing Standards
- United States General Accounting Office
Washington, DC 20548-0001
- www.gao.gov/govaud/ybk01.htm

2004 AEA GUIDING PRINCIPLES

- Printed on inside cover of issues of the *American Journal of Evaluation*
- Also see <http://www.eval.org/Publications/GuidingPrinciples.asp>
- Also see *GUIDING PRINCIPLES CHECKLIST for evaluating evaluators* at www.wmich.edu/evalctr/checklists.

THE PROGRAM EVALUATION STANDARDS

- Joint Committee on Standards for Educational Evaluation (1994). *The Program Evaluation Standards*. Thousand Oaks, CA: Sage.
- ISBN 0-8039-5732-7 (paperback)

DICKESON BOOK

Dickeson, Robert C. (1999). *Prioritizing Academic Programs and Services: Reallocating Resources to Achieve Strategic Balance*. San Francisco: Jossey-Bass.

PLAN FOR WMU's 1979 PROGRAM REVIEW

- *Western Michigan University's Program Review System, January 1979*
- On file at The Western Michigan University Evaluation Center