



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

INFORMATION MEMORANDUM
STATE AND LOCAL NO. 01-01

AUG 3 2001

To: Eugene Hickok
Office of the Under Secretary

From: Lorraine Lewis *Lorraine Lewis*

Subject: State-Reported Data Used in Measuring Performance of Education Programs

The purpose of this memorandum is to inform you of actions that the U.S. Department of Education (ED) could take to increase its assurance that States provide reliable data for use in reports submitted to Congress under the Government Performance and Results Act (GPRA). The GPRA, enacted on August 3, 1993, requires that Federal agencies submit annual performance plans and performance reports for their program activities.

ED submitted its *1999 Performance Reports and 2001 Plans* to Congress in March 2000. The publication shows that ED uses State-reported data to report performance for four of its largest eight programs (programs with appropriation requests over \$1 billion for fiscal year 2001). The four programs are Title I Grants to Local Educational Agencies, Class-Size Reduction, Individuals with Disabilities Education Act Part B-Grants to States and Preschool Grants (IDEA, Part B-Special Education Programs) and Vocational Education Basic State Grants. ED could use its own *Data Quality Standards* and audits conducted under the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* to increase its assurance that States are reporting reliable data for these education programs.

Data Quality Standards

ED's *Data Quality Standards* were designed to assist ED managers as they collect, analyze and report data about Federal programs. The *Data Quality Standards* include six standards. Five of the six¹ standards are applicable to State-reported data:

- Accurate Description – Definitions and counts are correct.
- Editing – Data are clean.

¹ Standard One-Validity ensures that data adequately represent performance. ED is responsible for designing performance indicators and identifying the data that actually measure the goal or objectives of interest.

- Calculation – The math is right.
- Timeliness – Data are recent.
- Reporting – Full disclosure is made.

Our reviews of State-reported performance data for the IDEA, Part B-Special Education Programs found that States did not fully meet the *Data Quality Standards*. We found that the management controls of State educational agencies (SEAs) and selected local educational agencies (LEAs) in the States of Arizona, California, Kansas and Michigan did not fully meet two or more of the standards for part (3 States) or all (1 State) of the data submitted to the Office of Special Education Programs (OSEP). The management controls met the calculation standard.

Table 1. Data Quality Standards Not Fully Met By States²

State	Accurate Description	Editing	Timeliness	Reporting
Arizona	X	X		X
California	X	X		
Kansas	X	X	X	X
Michigan	X	X		X

ED published the *Data Quality Standards* in March 2000 as an appendix to its *1999 Performance Reports and 2001 Plans*. The publication is also accessible through the Internet on ED's HomePage. Prior to the OIG reviews, the data managers in each State were unaware of ED's *Data Quality Standards*.

Subsequent to the March 2000 publication, ED revised the *Data Quality Standards*. The standard for Accurate Description became two separate standards: Accurate Definitions and Accurate Counts. A standard for Burden Reduction was added. ED published the revised standards as *Draft Data Quality Standards* in the *2000 Performance Report and 2002 Annual Plans*, issued in March 2001.

To help ensure that SEAs are providing reliable, valid and timely performance data, we suggest that ED distribute the *Draft Data Quality Standards* to SEAs and encourage SEAs to provide the standards to LEAs located in their State. When distributing the standards, ED should encourage the SEAs to use the *Draft Data Quality Standards* or other relevant standards to evaluate the reliability of SEA and LEA data collection methods.

² OIG issued final audit reports for Arizona (ED-OIG/A09-A0001), dated September 2000, California (ED-OIG/A09-A0016), dated March 2001 and Kansas (ED-OIG/A07-A0020), dated July 2001. OIG issued a draft audit report for Michigan (ED-OIG/A05-A0031) in July 2001.

OMB Circular A-133 Compliance Supplement

States and local agencies expending \$300,000 or more in Federal funds are required to have annual audits conducted in accordance with OMB Circular A-133 and the Single Audit Act Amendments of 1996. The *Compliance Supplement* provides guidance to assist auditors in determining relevant compliance requirements, audit objectives and audit procedures for Federal programs.

The *Compliance Supplement*, issued in March 2000, contains provisions for reviews of performance reports and other special reports. ED did not consistently use these provisions to provide audit coverage of State-reported data. For the four large programs that use State-reported data for the performance report to Congress, auditors were only instructed to review data used for one performance indicator for the IDEA, Part B-Special Education Programs.

The IDEA, Part B-Special Education Programs have six performance indicators that rely on State-reported performance:

- Earlier identification and intervention (intervention)
- Inclusive settings (placement)
- Regular education settings (placement)
- Graduation (exiting)
- Suspensions or expulsions (discipline)
- Qualified personnel (personnel)

ED uses the State counts of children with disabilities receiving special education, which is taken on December 1st each year, to measure the intervention indicator and calculate the State grant awards.³ The special reporting section for the IDEA, Part B-Special Education Programs in the *Compliance Supplement* requires that independent auditors review the count during the annual A-133 audits. The *Compliance Supplement* does not instruct auditors to review data used for the other performance indicators of the IDEA, Part B-Special Education Programs or the performance indicators of the other three programs.

The *Compliance Supplement* needs to include audit coverage of data used for performance indicators because State and LEA reviews of the data are limited and may not ensure that the data is reliable. Our reviews of State-reported performance data for the IDEA, Part B-Special Education Programs in the four states reviewed, found that the review activities consisted of computerized edit checks (3 States), State reviews of student records (2 States) and LEA reviews of data reports prior to submission (1 State).

³ The IDEA requires States to perform child counts during each school year on either December 1st or the last Friday in October. At present, all SEAs are using December 1st.

Edit Checks. Prior to merging LEA data into their statewide databases, three States performed computerized edit checks to confirm completeness and consistency of the data. Examples of edit checks include determining whether essential data were absent in a field or the date entered in a field resulted in a child's age exceeding the program's age limit. Our reviews found that States did not perform edit checks on all performance data and that the edit checks varied by State.

Table 2. Edit Checks Performed by State and Performance Indicator

States	Performance Indicators				
	Intervention	Placement	Exiting	Discipline	Personnel
Arizona	Yes	Yes	No	No	No
California	Yes	Yes	Yes	No	Yes
Kansas	Yes	Yes	Yes	Yes	(1)
Michigan	No (2)	No (2)	No (2)	No	No (2)

- (1) The Kansas Department of Education uses a separate system to collect the personnel data. We did not identify the edit checks, if any, used for the separate system.
- (2) The Michigan Department of Education (MDE) provided intermediate agencies⁴ and LEAs software containing edit checks. MDE had no assurances that edit checks were performed. Also, MDE did not conduct edit checks on data at the State level.

State and LEA Reviews. In California and Kansas, neither the SEA nor the LEAs (including intermediate agencies) conducted reviews to ensure the reliability of data submitted by LEAs and included in reports sent to ED.

The Arizona Department of Education (ADE) conducted student file reviews on a six-year cycle, which included confirming the accuracy of data used for the intervention and placement indicators. ADE did not review LEA procedures or supporting documentation for reporting exiting, discipline and personnel data. Our reviews at three Arizona LEAs found that, in general, the reports prepared by LEA staff were subjected to an independent review. The LEAs did not conduct independent reviews of the procedures and supporting data used to prepare exiting, discipline and personnel reports.

The MDE conducts audits on a third of its intermediate agencies each year. The audits include reviewing student files to confirm the accuracy of data used for intervention. The intermediate agencies and LEAs do not conduct reviews to ensure the reliability of data submitted to MDE.

Our reviews found that all four States reported inaccurate performance data to OSEP. For example, three States included children whose ages were not in the range being

⁴ The LEAs in California and Michigan reported performance data to SEAs through an intermediate agency.

measured by the exiting indicator, two States had duplicate child counts for exiting and one State had duplicate child counts for intervention.

ED has formed teams to perform its annual examination of the audit coverage for ED programs included in the *Compliance Supplement*. For each program, a team is reviewing the current *Compliance Supplement* to identify needed changes and propose revisions to OMB for the *Compliance Supplement* that will be issued in March 2002. We encourage ED to take steps to ensure that the teams include reviews of reports and electronic files submitted by SEAs and LEAs that provide data used to measure performance indicators for ED programs in their proposed revisions. The inclusion of such reviews in the *Compliance Supplement* would provide increased assurances that SEAs and LEAs are providing accurate, complete and timely data.

Performance Indicator 4.7.c. of ED's 2001 Strategic Plan states that all ED program managers will assert that the data used for their program's performance measurement are reliable, valid and timely, or will have plans for improvements. Annually, the ED managers must provide the Office of the Under Secretary with a signed formal attestation covering their data. Implementation of the suggestions presented in this memorandum will provide ED managers with increased assurance, when signing the attestation, that States and their LEAs provided reliable data.

Purpose and Methodology

In August 1999, the OIG initiated an assessment of SEAs' policies and procedures for ensuring the reliability of IDEA, Part B performance data provided to ED. During the assessments, we became aware of additional steps that Department officials could take to increase the assurance that States provide reliable data for IDEA, Part B and other ED programs. The purpose of this memorandum was to communicate those additional steps to the appropriate Department officials for their consideration.

To accomplish this purpose, we summarized information from the OIG reviews in the States of Arizona, California, Kansas and Michigan. These State reviews were performed in accordance with generally accepted government auditing standards appropriate to the scope of the review. In addition, we compared the *Data Quality Standards* published in March 2000 with the new *Draft Data Quality Standards* to identify changes in the standards. We also reviewed the *Compliance Supplement* to identify provisions for reviews of performance reports and other special reports. We gained an understanding of the procedures used to submit revisions for the *Compliance Supplement*. We discussed the contents of this memorandum with ED's Planning and Evaluation Service staff on April 23, 2001. This memorandum was prepared in accordance with the generally accepted government auditing standards applicable to alternative services as prescribed by the Inspector General (IG Bulletin No. 91-4, dated March 28, 1991).

No response from your office is necessary regarding the suggestions contained herein. Should you have any questions concerning this memorandum, please contact Gloria Pilotti, Regional Inspector General for Audit, at (916) 930-2399 or Richard Rasa, Director, State and Local Advisory and Assistance, at (202) 205-9640.

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