UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

ED-OIG/A05-A0031

Mr. Thomas D. Watkins, Jr., Superintendent
Michigan Department of Education
P. O. Box 30008
Lansing, Michigan 48909

SEP 21 2001

Dear Superintendent Watkins:

Enclosed is our final report entitled ***Michigan Department of Education Management Controls Over IDEA, Part B - Special Education Performance Data***. The report incorporates the comments you provided in response to the draft audit report. 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 Education Department official, who will consider them before taking final Departmental action on the audit:

> Robert Pasternack
> Office of Special Education and Rehabilitative Services
> U.S. Department of Education
> 330 C Street, SW Room 3124
> 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 to the Department's grantees and contractors are made 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.

Sincerely,

Lorraine Lewis

Attachment

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

MEMORANDUM

SEP 2 1 2001

TO : Robert Pasternack
Assistant Secretary for Special Education and Rehabilitative Services

FROM : Lorraine Lewis *[signature]*

SUBJECT : FINAL AUDIT REPORT
Michigan Department of Education Management Controls Over
IDEA, Part B-Special Education Performance Data
Control No. ED-OIG/A05-A0031

Attached is our subject report presenting our findings and recommendations resulting from our audit of the Michigan Department of Education.

In accordance with the Department's Audit Resolution Directive, you have been designated as the action official responsible for the resolution of the findings and recommendations in this report.

If you have any questions, please contact Richard J. Dowd, Regional Inspector General for Audit, at (312) 886-6503.

Please refer to the above control number in all correspondence relating to this report.

Attachment

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

MEMORANDUM

TO : William Hansen
Deputy Secretary

SEP 2 1 2001

FROM : Lorraine Lewis

SUBJECT : FINAL AUDIT REPORT
Michigan Department of Education Management Controls Over
IDEA, Part B-Special Education Performance Data
Control No. ED-OIG/A05-A0031

Attached is a copy of the final audit report referenced above. We are furnishing this report to you because it may contain information of interest to you. No response on your part is necessary.

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If you have any questions, please call Richard J. Dowd, Regional Inspector General for Audit, at (312) 886-6503.

Attachment

MEMORANDUM

TO   :   Eugene W. Hickok   **SEP 2 1 2001**
              Under Secretary

FROM   :   Lorraine Lewis *Lorraine Lewis*

SUBJECT :   FINAL AUDIT REPORT
              Michigan Department of Education Management Controls Over
              IDEA, Part B-Special Education Performance Data
              Control No. ED-OIG/A05-A0031

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Attachment

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MEMORANDUM

TO	:	Terry Abbott Chief of Staff Office of the Secretary	**SEP 2 1 2001**

FROM : Lorraine Lewis *[signature]*

SUBJECT : FINAL AUDIT REPORT
Michigan Department of Education Management Controls Over
IDEA, Part B-Special Education Performance Data
Control No. ED-OIG/A05-A0031

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If you have any questions, please call Richard J. Dowd, Regional Inspector General for Audit, at (312) 886-6503.

Attachment

Michigan Department of Education
Management Controls Over
IDEA, Part B - Special Education Performance Data

FINAL AUDIT REPORT

NOTICE

Statements that management practices need improvement as well as other conclusions and 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 appropriate Department of Education officials.

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.

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Executive Summary

The Michigan Department of Education (MDE) should take additional steps to improve management controls over the collection and reporting of the Individuals with Disabilities Education Act (IDEA), Part B performance data provided to the U.S. Department of Education (Department). The integrity of IDEA, Part B state-reported data is of particular importance because the Department relies on it to provide to Congress an objective and accurate measure of the success of its special education programs, as required under the Government Performance and Results Act (GPRA) of 1993. The Office of Special Education Programs (OSEP) within the Department's Office of Special Education and Rehabilitative Services (OSERS) administers programs funded under IDEA, Part B. OSEP uses performance data reported by state educational agencies in preparing the Department's report to Congress on the outcomes of the IDEA, Part B programs.

For reporting outcomes under the Department's 2001 Annual Plan, OSEP uses state educational agencies' performance data for the following performance indicators:

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

MDE is required by IDEA, Part B to submit this performance data to the Department. Attachment A to this report shows the relationship between the IDEA, Part B program objectives, performance indicators, and performance data.

Performance Indicator 4.7.c of the Department's 2001 Strategic Plan states that all departmental program managers will assert that the data used for their program's performance measurement is reliable, valid and timely, or will have plans for improvements. Annually, Assistant Secretaries must provide the Office of the Under Secretary with a signed formal attestation covering their data.

Our review of procedures and available documentation at MDE, two intermediate school districts (ISD), and two local educational agencies (LEA) identified weaknesses in MDE's management controls covering performance data for intervention, placement, exiting, personnel, and discipline for the 1998-99 school year. MDE lacked adequate management controls to ensure that the data provided to the Department is reliable, valid, and timely.

In order to ensure that MDE provides reliable, valid, and timely data that Department managers can attest to, MDE needs to:

- strengthen management controls over its IDEA, Part B electronic data collection and reporting process,
- implement data input controls and document retention controls for manually received data, and
- require ISDs and LEAs to use consistent data systems.

MDE's statewide databases for the intervention, placement, exiting, personnel, and discipline included numerous errors and irregularities, such as duplicate children, reported counts and data not reconcilable to supporting databases, inconsistent count data between reports, incomplete data items, incomplete databases, and data items with undefined codes.

MDE needs stronger management controls over its IDEA, Part B data. Stronger management controls are also needed at the LEA and ISD levels. Specifically, we found that MDE lacked edit checks of performance data; an independent review function for its IDEA, Part B data; written policies and procedures for its IDEA, Part B data collection and reporting process; a contingency plan for this process; and effective use of its audits of the December 1 count. MDE also needs to implement controls to ensure that all discipline data is obtained, source documents for supplemental data are retained, and data entry of discipline data and supplemental data is verified for accuracy. MDE's ability to provide reliable, valid, and timely data is also affected by the LEAs and ISDs use of inconsistent and various data systems. Without a strong management control environment, MDE's management cannot ensure that its IDEA, Part B data is reliable, valid, and timely.

Michigan has 57 ISDs and 4 state agencies that report performance data to MDE for over 700 LEAs. Our audit was limited to reviews of procedures and documents at MDE, 2 ISDs, and 2 LEAs. Since the procedures used by other ISDs and LEAs may vary from those covered by our review, our audit would not necessarily disclose all material weaknesses in the management controls related to the reporting of performance data. We concluded that the identified management control weaknesses disclosed in the report may be systemic in nature rather than limited to the particular ISD or LEA.

MDE has already taken steps to address some of the identified weaknesses. We recommend that the Assistant Secretary for Special Education and Rehabilitative Services request MDE to take additional action to address the remaining identified weaknesses in the management controls over reported performance data. The Audit Results section of the report describes the corrective actions taken by MDE and our specific recommendations for each of the findings.

The Other Matters section of the report discloses that the annual individualized education program (IEP) and triennial assessment dates for children were not within the required time frames. Federal regulations require that a child's IEP should be reviewed at least annually and that an assessment should be conducted at least once every three years.

MDE concurred with our findings. In its response to the draft report, MDE described features of a new information system and related procedures that address the recommended corrective actions. The full text of MDE's comments is included as Attachment B.

Audit Results

MDE's management controls did not ensure that the data submitted by MDE to the Department met all of the standards in the Department's *Data Quality Standards*.[1] The *Data Quality Standards* contain six standards for evaluating the quality of reported data. The six standards are:

- Validity – Data adequately represent performance.
- Accurate Description – Definitions and counts are correct.
- Editing – Data is clean.
- Calculation – The math is right.
- Timeliness – Data is recent.
- Reporting – Full disclosure is made.

For each of the *Data Quality Standards*, the Department provided examples of conditions that meet or fail to meet the standard. The Department also provided *Data Quality Checklists* for use by primary data providers and secondary data managers. For school year 1998-99, MDE management controls over the collection and reporting of performance data for intervention, placement, exiting, personnel, and discipline did not meet all elements contained in the *Data Quality Standards* for accurate description, editing, and reporting. In addition, MDE's management controls also did not meet several of the control activities of the *Standards for Internal Control in the Federal Government*.

MDE used two data collection processes to collect the IDEA, Part B performance data that it reported to OSEP for school year 1998-99. For intervention, placement, exiting, and personnel data MDE used LEA created electronic data files of computerized counts for active children, exited children, and personnel that ISDs combined and submitted to MDE. MDE then compiled statewide databases for active children, exited children, and personnel that it used to report performance data to the Department. MDE also received hardcopy documents for supplemental data revisions to the electronically received data. For discipline data, MDE used manually prepared hardcopy documents submitted by LEAs to create a statewide database.

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[1] The Department issued these standards, as part of the 1999 Performance Report and 2001 Annual Plan, to assist Department managers as they collect, analyze, and report data about Federal education programs. Program managers can use the standards as a tool when monitoring grantees and evaluating the quality of the reported data and preparing submissions for the GPRA annual report. The standards are the Department's attempt to provide criteria against which to evaluate grantees' data quality.

Intervention, placement, exiting, and personnel. The active child database contained student-level information on each child receiving special education services. The active child database contained information as of the December 1st child count and was used to report intervention and placement data. The exited database contained information on children who have exited special education within the last twelve months and was used to report exiting data. The personnel database contained information on special education personnel currently employed and those who had left within the last twelve months prior to December 1st and was used to report personnel data.

MDE instructed the LEAs and ISDs to check the count data for errors using the Registry Management System (RMS) Validation Report or the Error Check Program supplied by MDE. MDE also instructed the LEAs and ISDs to provide signed certifications along with their data submissions indicating that the data had been checked to ensure accuracy.

Discipline. For the 1998-1999 and 1999-2000 school years, MDE had LEAs submit discipline data manually via individual hardcopy suspension forms that were completed and submitted for each special education child with a suspension or discipline incident. The LEAs completed and submitted the suspension forms to the ISDs. The ISDs then submitted the suspension forms to MDE. MDE entered the discipline data from the individual suspension forms into a computer database to create a discipline database that it used to report discipline data to the Department.

Our review disclosed that MDE needs stronger management controls over its IDEA, Part B data. Stronger management controls are also needed at the LEA and ISD levels. Specifically, MDE lacked edit checks of performance data; an independent review function for its IDEA, Part B data; written policies and procedures for its IDEA, Part B data collections and reporting process; a contingency plan for this process; and effective use of its audits of the December 1 count. MDE also needs to implement controls to ensure that all discipline data is obtained, source documents for supplemental data are retained, and data entry of discipline data and supplemental data are verified for accuracy. MDE's ability to provide reliable data is also affected by the LEAs and ISDs use of inconsistent and various data systems. Without a strong management control environment, MDE's management cannot ensure that its IDEA, Part B data is accurate and reliable.

In order to ensure that data is reliable, valid and timely, MDE needs to (1) strengthen management controls over its IDEA, Part B electronic data collection and reporting process; (2) implement data input controls and document retention controls for manually received data; and (3) require ISDs and LEAs to use consistent data systems.

MDE concurred with our findings. In its response to the draft report, MDE described features of a new information system and related procedures that address the recommended corrective actions. The full text of MDE's comments is included as Attachment B.

Finding No. 1 – MDE's Management Controls Over its Electronic Data Collection and Reporting Process for IDEA, Part B Performance Data Are Inadequate and Result in Inaccurate Reports

MDE's management controls over its electronic data collection process are inadequate to ensure that performance data reported to the Department is accurate. The MDE IDEA, Part B performance data reported for the 1998/1999 school year was not accurate or reconcilable to MDE's statewide database. One individual at MDE is responsible for collecting the data from the ISDs. This individual compiles, categorizes, and reports the data with limited supervision and no review of his work. Specifically, MDE lacked edit checks to validate the data as it was received and after it was compiled, an independent review function related to the data it reports, written procedures, and a contingency plan. Several of these same management controls were also lacking at the LEA and ISD levels. In addition, MDE needs to implement procedures to ensure that data received correlates to the Federal reporting categories and that the results of its audits are used to correct systemic problems. Overall, MDE needs to strengthen the controls over its entire electronic IDEA, Part B data collection and reporting activities to ensure the reporting of accurate and valid performance data.

Need for Edit Checks Of Performance Data

MDE instructed the LEAs and ISDs to run the RMS Validation Report or Error Check Program before submitting their data to MDE and provide a certification indicating that the data has been checked to ensure accuracy. However, MDE did not check to ensure that the LEAs and ISDs performed the edit checks or that it received the completed certifications.

MDE's data collection and reporting official confirmed that MDE does not perform any edit checks of the ISD submitted performance data before or after the data is compiled into the statewide databases. The MDE official indicated that he looks for missing data. However, he said it is difficult because he does not have the specific software or technical programming skills needed to perform sophisticated edit checks of the entire statewide database for duplicates or other more specific edits. Our analysis of MDE's statewide database for the December 1, 1998 count, the source for the intervention and placement data reports, found that the count included at least 891 apparent duplicate children where the first name, last name, and date of birth all matched. The actual number of duplicates is probably higher because our analysis only counted exact matches. Some of these duplicates were within the same ISD and some were among different ISDs.

MDE did not obtain certifications from 11 ISDs and 9 ISDs for the December 1, 1998 and December 1, 1999 counts, respectively. In addition, the certifications for 4 ISDs and 7 ISDs for the December 1, 1998 and December 1, 1999 counts, respectively, were incomplete. The ISD certifications are significant because MDE does not perform edit checks of the ISD data.

The two ISDs we reviewed ran validity edit checks of the individual LEAs data before merging the data into a combined database. The Genesee ISD ran additional edits of its combined database to eliminate duplicate child counts within the ISD. The Oakland ISD did not. Because the Oakland ISD does not check for duplicates within its combined database, duplicates involving a child that moves to another LEA within the ISD will not be detected and eliminated. Of the 891 apparent duplicates, 241 pertained to the Oakland ISD and 26 to the Genesee ISD. For Oakland, 157 were the same child counted by multiple LEAs within the ISD. The remaining 84 were the same child counted by an Oakland LEA and by another LEA. For Genesee, 1 child was counted by 2 LEAs within the ISD and 25 were the same child counted by a Genesee LEA and by another LEA. Both ISDs ran one of the MDE validation programs against the combined database before submitting the data to MDE.

We also found that the two reviewed ISDs viewed their role differently. The Genesee ISD exercised more control over its LEAs and ran additional edit checks. The Oakland ISD gave its LEAs a lot of autonomy. An official from the Oakland ISD commented that there was no clear description of the ISD's role with regard to the special education data reporting. The Oakland ISD viewed its role mostly as a pass through for the data reported. Reviews and audits by MDE have also identified concerns related to data verification by LEAs and ISDs. In response to a recent Michigan Office of the Auditor General performance review, MDE officials commented that some ISDs merely accumulated the December 1 count data from their constituent LEAs and submitted the data to MDE, with little or no data verification to ensure the accuracy of counts prior to submission. MDE's audits of the December 1 count have found that ISDs that perform little or no verification or have ineffective verification procedures usually have more errors in their reported count.

The Department s publication, Standards for Evaluating the Quality of Program Performance Data, lists six *Data Quality Standards*. For each of the *Data Quality Standards*, the publication provides examples of conditions that meet or fail to meet the standard. The publication also provides a *Data Quality Checklist* for use by primary data providers and secondary data managers. Standard Two – Accurate Description states that definitions and counts are correct. An example of failing this standard is disabled students that are double counted or undercounted. Standard Three – Editing states that data is clean. The *Data Quality Checklist* for this standard provides that an electronic edit checking program has been used to clean the data.

Without adequate edit checks and complete certifications, MDE lacks assurance that the statewide database is accurate prior to preparing and submitting the performance reports to the Department.

Need for Independent Review of Data Submitted to the Department

MDE relied on one individual who has sole responsibility for collecting, compiling, and reporting its IDEA, Part B performance data. This individual stated that, other than himself, no one reviewed the MDE IDEA, Part B data reported to the Department. As a result, there was no independent review of the data submitted to the Department to ensure its accuracy and validity. Our attempt to reconcile the reported counts to the supporting statewide databases found errors in the reported intervention, placement, exiting, and discipline data and instances where the reported placement and personnel data were not reconcilable to the statewide databases.

The errors and unreconcilable data are indications that MDE's data does not meet two of the *Data Quality Standards.* Standard Two – Accurate Description states that definitions and counts are correct and Standard Three – Editing provides that a different person, who is familiar with the data, systematically reviews the data. In addition, the *Standards for Internal Control in the Federal Government*[2] provides that management perform reviews at each functional or activity level.

Errors in Reported Data. MDE reported children of one LEA with blank ethnic codes in the database as white. In another example of a data error, intervention counts reported for four disability categories did not agree with the supporting database. The reported placement count data, (Table #3, Section B), for four disability categories was also not consistent with the reported intervention count data (Table #1, Section C).

MDE also collected exit data using 14 exit reason codes that are different than the 8 Federal codes used for reporting exit data to the Department. MDE then reclassified its 14 codes into the 8 Federal codes. MDE's reclassification resulted in the counts for two of its codes inappropriately reported in the counts for two of the Federal codes.

Unreconcilable Data. We could not reconcile the MDE reported personnel counts to the personnel database. It appears that MDE categorized the personnel count data prior to reporting it to the Department. The supporting personnel database included personnel with employment status codes indicating that their employment with special education had terminated. We were unable to determine whether these personnel were included in the personnel count that MDE reported to the Department. The database also included 3,586 records with a "00" value for the

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[2] The General Accounting Office issued the *Standards for Internal Control in the Federal Government* in November 1999, hereinafter referred to as the "Federal Internal Control Standards."

Employment Status code and 343 records with "0" for Level of Educational Assignment code. MDE's technical manual for special education student and personnel data counts does not list "00" or "0" as valid codes for these two categories. We also noted that there are 213 records that are coded as active teachers, but have names of either "Vacant" or "Vacancy."

MDE did not collect placement data that correlated to the placement categories required for Federal reporting. Instead, MDE used a very complicated formula that used 8 different variables and 53 decision points to calculate the educational placement category for each of the students reported. As a result, we could not reconcile the reported placement data to MDE's supporting placement database files.

These reporting errors and unreconcilable differences between the statewide database and the data reported to the Department indicate the need for independent review of the data MDE submits to the Department. Without an independent review function at MDE and at the LEA data input level, MDE management and the Department users do not have reasonable assurance of the reliability of its IDEA, Part B data reported by MDE.

Need for Written Data Collection and Reporting Policies and Procedures

MDE did not have a written description of the process it used to collect and compile the statewide databases that were the sources for the data it reported to the Department for intervention, personnel, placement, exiting, and discipline. The two ISDs and LEAs we reviewed did not have complete written descriptions of the processes they used to collect and compile the data that they submit to the ISDs and MDE.

Standard Six – Reporting of the Department's *Data Quality Standards* ensures that full disclosure is made. One example of meeting the standard is that data collection processes are documented. The Federal Internal Control Standards provides that all transactions and other significant events be clearly documented and readily available for examination. The standards require that this documentation should appear in management directives, administrative policies, or operating manuals. Furthermore, the standards state that transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions.

MDE management will not have an understanding of the controls needed and reasonable assurance of data reliability, until it documents the policies and procedures for the entire data collection and reporting process. In addition, without complete written descriptions of the LEAs' and ISDs' procedures used to collect and compile data, there is little assurance that the LEAs and ISDs are providing MDE with reliable data.

Need for Contingency Planning

MDE did not have a written contingency plan for the IDEA, Part B data collection and reporting function. MDE officials agreed that a contingency plan is needed because the entire function is currently handled by one individual with no independent review of this person's work.

The Federal Internal Control Standards provide that management establish a positive control environment in which, among other things, it plans and ensures continuity of needed skills and abilities, and ensures that data center and client-server operation controls include contingency and disaster planning. This would include data backup and recovery procedures.

The absence of a written contingency plan, combined with the absence of written operating policies and procedures for the data collection and reporting function increases the risk that MDE will not be able to report reliable, valid, and timely data.

Need for More Effective Use of the Audits of the December 1 Count

MDE has not used the results of its audits to correct identified systemic problems. Our review and the Michigan Office of the Auditor General's performance review of MDE's audit process found that MDE does not use a risk-based approach when selecting ISDs for on-site audits of the December 1 count. MDE conducts an on-site audit of the December 1 count at each ISD every three years regardless of past on-site audit results or the effectiveness of the ISDs' December 1 count process. The Michigan Office of the Auditor General recommended that MDE should focus its limited audit efforts on those ISDs that have a greater risk of reporting inaccurate December 1 count data.

MDE conducted audits of the December 1, 1998 count for 17 ISDs and 1 state agency. MDE generated an exception report only for those ISDs it scheduled for audits for that year. The exception report identified children included in the December 1 count with IEPs that were older than 12 months as of the December 1 count. MDE used the exception report to select a portion of the children to review. The audits reduced the reported December 1, 1998 counts reported for 13 of the 17 ISDs and the 1 state agency. MDE reduced the December 1, 1998 count for 3 ISDs by 246 children, based on its review of 2,179 children. The 3 ISDs were Genesee ISD, 23 children; Oakland ISD, 71 children; and Wayne County ISD, 152 children. MDE found these children ineligible for the count because 107 had exited, 1 had an IEP that indicated the child was ineligible, 83 had IEPs that were older than 12 months of the December 1 count,[3] 52 had no file, and 3 had no IEP in their file. MDE does not project the results to the entire December 1

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[3] MDE was not required by the IDEA, Part B to exclude children with disabilities who were receiving services from its December 1, 1998 count even if their IEPs were not current.

count or expand the review to previous December 1 counts when, the current audit identifies a significant number of exceptions.

Our analysis found that the statewide database included 6,179 children whose IEPs were older than 12 months at the December 1, 1998 count date. MDE's audits of the December 1 count, found that a significant number of the children with out-of-date IEPs had exited special education but were not excluded from the intervention count.

MDE could generate this exception report for all ISDs and require that the ISDs determine the propriety of children identified on the report within a specified time frame. MDE could also use the results as part of a risk-based approach in selecting ISDs for audits.

We found that the reports issued to the ISDs on the results of MDE's audits of the December 1 count did not include recommendations to:

> Eliminate or remedy the procedural or management weaknesses.
> Require ISDs to conduct reviews of the entire child count data.
> Impose administrative consequences or penalty.

A recent Michigan Office of the Auditor General performance review of MDE confirmed these weaknesses in MDE's audit process.

We also noted that the number of children reviewed in the December 1, 1998 count audits for the Oakland, Genesee, and Wayne County ISDs was less than the 5 percent sample specified in MDE's December 1 count audit procedures.

The scope of MDE's audits are limited to children included in the December 1 count and the verification of selected data items for accuracy and to determine if the child is eligible to be included in the count. MDE's audits do not cover personnel, placement, exiting, and discipline data. Because of the limited scope, other inaccurate data such as those identified in our verification review will not be detected.

Verification of MDE's Databases to the LEAs' Records

We compared selected data for samples from MDE's intervention and placement, exited children, and personnel databases to supporting records at two LEAs. We identified high levels of inconsistency between the supporting records and each of the databases. These inconsistencies indicate that MDE needs to strengthen both its management controls and those at the LEAs/ISDs over the IDEA, Part B electronic data collection and reporting process.

For the December 1, 1998 child count intervention and placement database, the MDE database information for 19 of the 61 children reviewed was inconsistent with the LEAs' records. The inconsistencies for these 19 children totaled 27 and included the following: (a) 10 incorrect

special education F.T.E. percentages, (b) 8 incorrect program service codes, (c) 3 incorrect ethnic group codes, (d) 3 incorrect IEP dates, (e) 1 incorrect support service code, and (f) 2 with no services provided.

For the exited children database, children exiting between December 1, 1997 to December 1, 1998, the MDE database information for 19 of the 30 exited children reviewed did not agree with the LEAs' records or was not supported by the LEAs' records. The inconsistencies for these 19 children totaled 29 and included the following: (a) 6 incorrect exit dates, (b) 6 incorrect special education full time equivalent percentages (c) 3 incorrect ethnic group codes, (d) 3 incorrect program service codes, (e) 2 incorrect support service codes, (f) 2 incorrect exit reasons, (g) 3 incorrect IEP dates, (h) 1 incorrect primary educational setting, (i) 1 incorrect primary handicap condition; (j) 1 incorrect birth date, and (k) 1 missing file.

For the personnel database, special education personnel employed on December 1, 1998, the MDE database information for 7 of the 21 personnel reviewed was either incomplete or did not agree with the LEAs' records. The inconsistencies for these 7 personnel totaled 9 and included the following: (a) 5 missing birth dates and age, (b) 2 incorrect ethnic group codes, (c) 1 incorrect birth date, and (d) 1 incorrect approval status.

These inconsistencies are a result of the weaknesses in MDE's management controls discussed in the previous sections and weaknesses in the LEAs' management controls. At the two LEAs reviewed, there were no reviews of data input to ensure the accuracy of the LEAs' databases.

Recommendations

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services:

1.1 Request MDE to develop and perform edit checks of the performance data received from ISDs and the statewide database to eliminate reported duplicate children, ineligible children, and invalid data.

1.2 Request MDE to develop written detailed policies and procedures for the entire data collection and reporting function that includes independent reviews, backup personnel, and a contingency plan.

1.3 Request MDE to implement procedures to ensure that ISDs and LEAs perform error checks of their data prior to submission and ensure that Data Submission Certifications are obtained from ISDs certifying that the required error checks have been performed.

1.4 Request MDE to use the Federal placement categories instead of calculating placement categories.

1.5   Request MDE to use the 8 Federal exit reason codes instead of the 14 MDE exit reason codes used to report exit statistics.

1.6   Request MDE to implement procedures for a review by a second person to confirm that data fields related to the OSEP reporting form are properly recorded in the MDE database and the Federal guidelines for reporting placement and exited students are followed.

1.7   Request MDE to use audits to identify and correct systemic problems; mandate recounts when error rates exceed specified limits; and implement risk based targeting of reviews.

Finding No. 2 – MDE Lacks Controls Over Data Input and Retention of Documents for Manually Submitted Discipline Data and Supplemental Performance Data

The discipline data MDE compiled and reported to the Department for the 1998/1999 and 1999/2000 school years was incomplete and inaccurate. This occurred because MDE lacks controls to ensure that all discipline data received via hard copy documents was collected and entered accurately. MDE also lacked controls over the input of supplemental revisions to the performance data received via hardcopy documents to ensure that data was entered accurately and the source documents were retained. As a result, MDE lacks support for the supplemental data revisions. MDE needs to implement controls to ensure that all discipline data is obtained, source documents for supplemental data are retained, and data entry of discipline data and supplemental data is verified for accuracy.

Need for Discipline Data Collection and Data Input Controls

The discipline data that MDE reported to the Department was gathered manually via individual forms (SE-4568 Suspension forms) that were completed and submitted for each special education student with a suspension or discipline incident. The LEAs completed and submitted the suspension forms to the ISDs. The ISDs then submitted the suspension forms to MDE. MDE entered the discipline data from the individual suspension forms into a computer database to create a discipline database that supported the discipline data that it reported to the Department.

Incomplete Data. MDE did not collect suspension forms from all the LEAs for the 1998/1999 school year. As a result, the discipline data MDE reported was incomplete. MDE did not disclose this data limitation to the Department. Our review of the discipline data for the 2 ISDs reviewed found that 7 of the 21 LEAs within the Genesee ISD and 20 of the 28 LEAs within the Oakland ISD did not submit discipline data. Flint, the largest LEA within the Genesee ISD, was 1 of the 7 LEAs that did not submit any discipline data for the 1998/1999 school year. Standard Two – Accurate Description of the Department's *Data Quality Standards* specifies that all instances are counted, and no instances are omitted. The number of LEAs reporting discipline data for the Genesee ISD increased to 18 of 21 LEAs for the 1999/2000 school year. The number of LEAs reporting discipline data for the Oakland ISD increased to 16 of 28 LEAs for the 1999/2000 school year.

Inaccurate Data. MDE's discipline database included inaccurate data. Our review identified two reasons for the inaccurate discipline data: (a) the LEAs did not complete the suspension forms accurately, and (b) MDE did not enter the data from the suspension forms into the

database accurately. Our review found that MDE did not have procedures for independent verification of the discipline data entered to ensure accuracy. Our review identified instances where the information in MDE's discipline database was incorrect. These instances indicate MDE's need for data input controls to ensure the accuracy of inputted discipline data. We compared selected information on the MDE's discipline database for 10 Pontiac LEA students for the 1998/1999 school year with the records at the Pontiac LEA. We found that the database information for all 10 children reviewed was inconsistent with the LEA's records and the information recorded on the suspension forms. The data recorded on the suspension forms was also inconsistent with the LEA records. These inconsistencies included (a) 1 wrong primary handicap code, (b) 10 wrong ethnic codes, and (c) 1 different spelling of last name. Pontiac also did not disclose the total number of suspension acts for any of the 10 students on the individual suspension forms.

When MDE received the suspension forms, it incorrectly recorded the discipline data. These instances included: (a) 10 children suspended for drugs, (b) 4 children suspended due to a weapon, and (c) 1 child suspended for consecutive days of 10 or more.

MDE also did not record data included on the suspension forms. These instances included: (a) 1 child suspended due to a weapon, (b) 5 children suspended due to a hearing officer's determination, (c) 4 children suspended for consecutive days of 10 or more, and (d) 5 children suspended for cumulative days that totaled 10 or more days.

For the Flint LEA, we compared the information recorded on the suspension forms for 10 children for the 1999/2000 school year to the records at the LEA because the Flint LEA did not report any discipline data for the 1998/1999 school. The ethnic group recorded on the suspension form and the total number of suspension acts on the suspension form were incorrect for two children.

The above instances of inaccurate entry of discipline data into the discipline database indicate that MDE's management controls do not meet Standard Three – Editing of the Department's *Data Quality Standards* that specifies the data is correct, internally consistent, and without mistakes.

Without adequate data input controls to ensure the accuracy of discipline data entered into the statewide database, data errors and incomplete data will go undetected, and as such, MDE management and the Department do not have reasonable assurance that the data is accurate.

Need for Retention of Supplemental Data Supporting Documents

MDE electronically received the IDEA, Part B intervention, personnel, placement, and exiting data from the ISDs and the LEAs. Subsequent to the original electronic submissions, ISDs and

LEAs provided MDE with revisions to their performance data via hard copy documents. MDE revised the ISDs and LEAs performance data based on these hard copy submissions. Our review found that MDE did not retain the hard copy documents for the revisions that four ISDs and six ISDs submitted for the December 1, 1998 and December 1, 1999 counts, respectively. Federal regulations require that programmatic documentation be retained for three years. Title 34 Code of Federal Regulations (CFR) §80.42(b) states, "...records must be retained for three years from the starting date specified in paragraph (c) of this section." Paragraph (c) states "the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period." Without supporting documents for the supplemental data, MDE staff, auditors, or other reviewers cannot evaluate the accuracy of the revisions.

Recommendations

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services:

2.1   Request MDE to establish and implement data entry edits to systematically review the IDEA, Part B performance data entered from the supporting source documents to ensure the data is accurate.

2.2   Request MDE to establish and implement controls to ensure that the ISDs and LEAs submit accurate discipline data.

2.3   Require MDE to establish and implement a record retention policy for all IDEA, Part B performance data documentation.

Finding No. 3 – MDE's Ability to Provide Reliable Data is Affected by Inconsistent Local Educational Agencies and Intermediate School District Data Systems

More than 700 LEAs reported their special education performance data to 57 ISDs. The ISDs merged the LEAs data and electronically submitted the LEAs combined data to MDE. MDE then combined the ISDs data into statewide databases. The databases were used to report performance data to the Department. The LEAs and ISDs used a variety of computer data systems to compile the computerized student and personnel counts that MDE reports to the Department. The use of various data systems has affected the consistency and reliability of the reported student and personnel count data. A single consistent data system for recording and reporting special education data would help to ensure consistent and accurate data.

Several of the larger LEAs and ISDs did not use the computer data system MDE provided to record and report their special education data. The LEAs used various data systems to compile the computerized special education student and personnel counts that MDE reported to the Department. In 1984, MDE had a contractor develop a computer system called Registry Management System for the LEAs and ISDs to record, manage, and report their special education data. MDE made the RMS available to all LEAs and ISDs. There were three versions of the RMS in use, a DOS version, a Windows version called WinRMS, and a RMS-2000 version. A majority of the LEAs and ISDs used one of the three versions of the RMS data system. However, 4 of the 57 ISDs and at least 31 of the LEAs used other data systems.

We found that LEAs within the same ISD used different versions of the RMS. The Genesee ISD has 1 LEA that used the DOS version, 4 LEAs that used the Windows version (WinRMS), and 16 LEAs that used the RMS-2000 version. None of the Oakland ISD's 28 LEAs used the RMS but instead used 10 different data systems. Oakland ISD officials commented that it was difficult to provide technical support to its LEAs because the LEAs used many different systems to record and report their special education data. Officials at these two ISDs also commented that MDE has provided very limited guidance and technical support.

The LEAs and ISDs that used a computer data system other than the RMS, to record, collect, and report special education data increased the risk of reporting inconsistent and inaccurate data. It also made it difficult for MDE to provide adequate technical assistance and oversight. Accurate and consistent data are two elements covered in the Department's *Data Quality Standards* for evaluating the quality of reported data. Standard Two – Accurate Description ensures that data definitions and counts are correct and Standard Three – Editing ensures that data is correct, internally consistent, and without mistakes.

Annually, MDE issued instructions to LEAs and ISDs to complete the December 1 count for special education active students, exited students, and personnel. MDE's instructions specified that the count data should be computerized and that the data must be submitted to the MDE via the ISD on computer disk or electronically over the Internet. The instructions reference the Technical Manual for the Special Education Student and Personnel Data Counts that outlines the requirements for data format and data transmission. The technical manual included a record layout with field specifications, acceptable codes and definitions for each field that is required data for each student and personnel included in the count. MDE's instructions specified that LEAs generating the computerized count were required to use the MDE supplied RMS Validation Report or the Error Check Program to check the data for errors.

We found the following effects as a result of LEAs and ISDs using various data systems:

(a) The data MDE received from 10 ISDs had problems with the alignment of characters within the records for the 1998/1999 and the 1999/2000 school years.

(b) LEAs experienced problems with implementation and use of the RMS-2000 version of RMS and attributed the problems to the development of the RMS-2000 version, on a MAC platform rather than on a Windows PC based platform that the LEAs use.

(c) LEA and ISD officials indicated that technical assistance provided is difficult to follow and not adequate because the training and technical support provided is directed to those LEAs and ISDs that use the RMS-2000 version and not the other RMS versions.

(d) The Pontiac LEA's data system used different ethnic code definitions than the ethnic code definitions MDE specified in the record layouts for the student and personnel count data files that were submitted to MDE. This LEA's use of different ethnic code definitions resulted in incorrect data.

MDE was aware that the technical support provided by the developer of the RMS was not adequate and that varying degrees of computer expertise and funding affected the uniformity of the LEAs special education data management. MDE has realized the need and started taking action to implement a special education data system to ensure that performance data is compiled consistently and accurately. MDE was in the process of soliciting proposals for the development of a new data management system to replace the RMS. The LEAs and ISDs would use the new system to interface with the Michigan Education Information System's Single Record Student Database (SRSD) system. The SRSD was being pilot tested and was anticipated to be operational in the 2001-2002 school year. The objective of the SRSD was to establish the essential student elements that must be maintained and reported by LEAs on each public student in Michigan. The primary focus of the SRSD was accurate accounting of student information that will be rationally linked to teacher, fiscal, and performance data. The directory information collected through the SRSD will be used for a variety of purposes including Federal and state reporting.

Recommendations

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services:

3.1   Request MDE to direct the LEAs and ISDs to implement a consistent data system to record, manage, and report special education data or establish alternative controls to ensure the LEAs and ISDs provide consistent data.

3.2   Request MDE to ensure that adequate training and technical assistance is provided to all users.

Other Matters

Individualized Education Program and
Triennial Assessment Dates

IEP and triennial assessment dates for children included in MDE's database for the December 1, 1998 child count were not within the required time frames. Federal regulations require that a child's IEP is reviewed at least annually and that a re-evaluation (triennial assessment) is conducted at least once every three years (34 CFR §300.343(c)(1) and §300.536). For children included in the MDE database for the December 1, 1998 child count, LEA records should include an IEP that was prepared or reviewed between December 1, 1997 and December 1, 1998 and a triennial assessment that was conducted between December 1, 1995 and December 1, 1998.

Our analysis of the MDE database for the December 1, 1998 child count found that 6,179 of the 208,403 children, ages 3-21, in the database had IEP dates that were not within the required time frame. Our review of LEA records for 61 children included in the December 1, 1998 count included determining whether there was an IEP within 12 months prior to December 1, 1998 and whether there was a triennial assessment conducted within the three years prior to December 1, 1998. The IEPs and/or triennial assessments for 14 children were not conducted within the required time frames or were missing. Both the IEP and the triennial assessment for four children were out-of-date, for five children the IEP was out-of-date, for four children the triennial assessment was out-of-date, and for one child the triennial assessment was missing from the LEAs' records.

For one of the four children with both an out-of-date IEP and triennial assessment, the LEA's records indicated that the child had left the LEA in March 1998. The LEA and MDE should not have included this child in the reported child count since the child was not receiving special education services on December 1, 1998. In conducting audits of the December 1 count, MDE requires the children included in the December 1 count to have an IEP that is within 12 months of the December 1 count date. The majority of the children that MDE's audits find ineligible for the December 1 count were children with out-of-date IEPs that had exited special education. As a result, some of the 6,179 children with out-of-date IEPs included in the December 1 count had exited special education and were not receiving special education services on the count date. The IEP dates for three children in MDE's database also did not agree with the date of the IEP in the child's file. These incorrect IEP dates may indicate that the number of children with out-of-

date IEPs included in MDE's database for the December 1, 1998 count could be higher than the 6,179 children we identified.

As mentioned previously in Finding No. 1, MDE generated an exception report for those ISDs scheduled for audits that identified children included in the December 1 count whose IEP date is older than 12 months as of the December 1 count. MDE could generate this exception report for all ISDs and require that the ISDs determine within a specified time frame whether the children, have a more current IEP and are currently receiving services.

Background

The Government Performance and Results Act (GPRA), was enacted on August 3, 1993. GPRA's purpose includes:

- To help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;

- To improve congressional decision-making, by providing more objective information on achieving statutory objectives and on the relative effectiveness and efficiency of Federal programs and spending; and

- To improve internal management of the Federal Government.

GPRA requires that Federal agencies prepare a five-year strategic plan for their program activities. Starting with fiscal year 1999, Federal agencies must prepare annual performance plans and report on program performance. The performance plans must establish performance indicators to be used in measuring or assessing the relevant outputs and outcomes of each program activity.

The Department published its *Strategic Plan 1998-2002* in September 1997. The Department's *1999 Performance Report and 2001 Annual Plan* were submitted to Congress in March 2000. The 2001 Annual Plan contained nine performance indicators for the IDEA, Part B Special Education Program. The Department relies on state-reported data for measuring performance for six of the nine listed indicators. The six performance indicators included: inclusive settings (placement), earlier identification and intervention (intervention), regular education settings (placement), suspensions or expulsions (discipline), graduation (exiting), and qualified personnel (personnel). Attachment A to this report shows the relationship between the IDEA, Part B program objectives, performance indicators, and performance data.

Performance Indicator 4.7.c of the Department's 1999 Performance Report and 2001 Annual Plan states that all departmental program managers will assert that the data used for their program's performance measurement is reliable, valid, and timely, or will have plans for improvement. Annually, the Assistant Secretaries must provide the Office of the Under Secretary with a signed formal attestation covering their data. The Department developed *Data Quality Standards* to assist departmental managers as they collect, analyze, and report data about

Federal programs. For the IDEA, Part B special education programs, the data used for measuring performance included data reported by the individual states.

MDE is responsible for administering the IDEA, Part B Special Education Program in the State of Michigan. The State has 57 ISDs and over 700 LEAs. Each ISD is responsible for providing oversight to a regional group of LEAs. The ISDs are responsible for collecting special education data from the LEAs and submitting the data to MDE.

MDE received $143 million of IDEA, Part B funds for the 1999-2000 award year. MDE reported that 208,403 children, ages 3-21, were receiving special education services in the State on December 1, 1998.

Purpose, Scope, and Methodology

The objectives of the audit were to: (1) identify the process used by MDE to accumulate and report IDEA, Part B performance data to OSEP, (2) determine whether MDE management controls ensured that the performance data was reliable, and (3) identify barriers or obstacles that may impact MDE's ability to provide quality performance data. Our audit covered the State-reported 1998-99 school year data for the performance indicators: placement (Indicators 1.1 and 3.1), intervention (Indicator 2.1), discipline (Indicator 3.3), exiting (Indicator 4.1), and personnel (Indicator 5.1).

To accomplish these objectives, we interviewed State officials and staff responsible for collecting, processing, and reporting the performance data to OSEP. We evaluated MDE's procedures to ensure that data reported by ISDs and LEAs was accurately recorded in MDE's databases and that the data reported to OSEP was supported by the data contained in MDE's databases. We also interviewed State officials responsible for monitoring ISDs. For the two ISDs and two LEAs selected for our review, we interviewed ISD and LEA officials and reviewed their procedures for recording, processing, and reporting special education data.

MDE reported for the December 1, 1998 count a total of 208,403 children age 3-21, receiving special education services. For the 1998-99 school year, the State of Michigan had over 700 LEAs that reported performance data to 57 ISDs. The 57 ISDs and 4 state agencies reported the performance data to MDE. MDE reported a total count of 101,270 children for 5 of the 57 ISDs, that represents 49 percent of the total. The five ISDs include three of the four ISDs that use their own system rather than the MDE sponsored RMS for recording and reporting special education data. We judgmentally selected two ISDs, from this group of five ISDs, and reviewed their procedures and the procedures used by one LEA in each ISD.

To ensure that we evaluated the procedures at the ISDs using different data systems, we selected the Genesee ISD which is 1 of the 53 ISDs that use the RMS, and the Oakland ISD which is 1 of the 4 ISDs that uses its own system. We selected the Flint LEA because it had the largest reported child count of the 21 LEAs that comprise the Genesee ISD and the Pontiac LEA which also had the largest child count of the 28 LEAs that comprise the Oakland ISD. We also selected the 2 LEAs because MDE's audits of the December 1, 1998 count identified these LEAs with the largest number of ineligible students included in the count.

The following tables show a breakdown of the reported 208,403 children for the December 1, 1998 count by reported child count and the 5 ISDs with the largest reported count.

Reported Child Count	Number of ISDs	Combined Total	Percent of Total
Over 10,000	5	101,270	49
Between 2,000 and 10,000	19	68,839	33
Between 400 and 2,000	33	38,294 (a)	18
Total	57	208,403	100

(a) Total includes 627 children reported by the four state agencies.

ISD	Reported Child Count
Genesee	10,068
Kent	13,995
MaComb	15,688
Oakland	21,183
Wayne	40,336
Total	101,270

The Flint LEA reported child count of 2,894 represents 29 percent of the Genesee ISD's total and the Pontiac LEA reported child count of 2,108 represented 10 percent of the Oakland ISD's total.

In addition, we reviewed MDE's single audit report that covered the two fiscal years ended September 30, 1997 and draft findings from the Michigan Office of the Auditor General's performance review of the special education program for the two year period ended June 30, 1999. We also reviewed MDE's most recent monitoring reports for the Genesee and Oakland ISDs and the two most recent single audit reports for each selected ISD and LEA.

Intervention, Placement, Exiting, and Personnel. To achieve our audit objectives for the intervention, placement, exiting, and personnel performance indicators, we relied on computer-processed data extracted from MDE's three statewide databases for the December 1, 1998 count, exiting, and personnel. Our assessment of the reliability of these databases was limited to (1) gaining an understanding of the procedures used by MDE, the two ISDs and the two LEAs to collect, process, review, compile, and report the data, (2) reconciling the data reported to OSEP to MDE's database files, (3) comparing the LEAs' data to the ISDs' and MDE's electronic databases that are used to compile and report performance data, and (4) confirming that data provided by the two LEAs and included on the MDE's databases was supported by information contained in LEA records.

To test the accuracy of MDE's December 1, 1998 count, exit, and personnel databases we randomly selected children and personnel for the two ISDs from the databases and compared the children and personnel information to the children and personnel records for two LEAs. The

following table shows the total children and personnel reported for each group and the number of children and personnel LEA files reviewed:

LEA	Children Receiving Special Education Child Count & Placement Indicators 1.1, 2.1 and 3.1		Exiting Indicator 4.1		Personnel Indicator 5.1	
	Total Children Reported	Children Files Reviewed	Total Children Reported	Children Files Reviewed	Total Personnel Reported	Personnel Files Reviewed
Flint	2,894	31	622	15	416	11
Pontiac	2,108	30	133	15	261	10

We concluded that MDE should take additional steps to improve management controls over the collection and reporting of performance data reported to OSEP for intervention, placement, exiting, and personnel. The Audit Results section of the report provides details on our findings.

Discipline. To achieve our audit objectives for the discipline performance indicator, we (1) gained an understanding of the procedures MDE, the two ISDs, and the two LEAs use to collect, process, review, compile, and report the data, (2) reconciled the data reported to OSEP to MDE's database file, (3) compared the LEAs' data to the MDE's database, (4) tested MDE's entry of the LEAs' discipline data into the MDE's statewide discipline database, and (5) confirmed that data provided by the two LEAs was supported by information contained in the LEAs' files. The following table shows the total number of children reported for discipline by each LEA and the number of files reviewed:

	Discipline Indicator 3.3	
LEA	Total Children Reported	Children Files Reviewed
Flint	0	10 (a)
Pontiac	47	10

(a) Flint did not report any discipline children for the 1998/1999 school year. Our review of discipline records included a judgmental sample of 10 children from the 292 children reported for the 1999/2000 school year.

From our assessment and tests, we concluded that MDE needs stronger management and system controls over the collection of IDEA, Part B data that it reports to OSEP for discipline. Stronger controls are also needed at the ISD and LEA levels. The Audit Results section of the report provides details on our findings.

We performed our fieldwork at MDE in Lansing, Michigan, and at the special education offices of the Genesee ISD and the Flint LEA in Flint and the Oakland ISD in Waterford and the Pontiac LEA in Pontiac. We also performed work at our offices in Chicago, Illinois and St. Paul,

Minnesota. Fieldwork was conducted from August 14, 2000 to February 16, 2001. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

Statement on Management Controls

As part of our review, we assessed the system of management controls, policies, procedures, and practices applicable to MDE's process for collecting and reporting performance data for the IDEA, Part B program as required by GPRA. Our assessment was performed to determine whether the processes used by MDE and the reviewed ISDs and LEAs provided a reasonable level of assurance that MDE reported reliable performance data to OSEP.

For the purpose of this report, we assessed and classified MDE's significant controls related to collection and reporting of performance data into the following categories:

- Guidance and technical assistance,
- Collection of data from ISDs and LEAs,
- Data compilation and report preparation, and
- Monitoring ISD and LEA data collection and reporting processes.

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 that adversely affected MDE's ability to report accurate performance data for IDEA, Part B. These weaknesses relate to all four control categories. The weaknesses and the related recommendations are discussed in the Audit Results section of this report.

IDEA, Part B Program Objectives, Performance Indicators and Performance Data
2001 Annual Plan

PROGRAM OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE DATA COLLECTED FROM OSEP FORMS
All preschool children with disabilities receive services that prepare them to enter school ready to learn.	**1.1 Inclusive settings.** The percentage of preschool children with disabilities who are receiving special education and related services in inclusive settings will increase.	State educational agencies report the number of students ages 3-5 by age and educational placement.
All children who would typically be identified as being eligible for special education at age 8 or older and who are experiencing early reading or behavioral difficulties receive appropriate services earlier to avoid falling behind their peers.	**2.1 Earlier identification and intervention.** The percentage of children served under IDEA ages 6 or 7, compared to ages 6-21, will increase.	State educational agencies report number of disabled children receiving special education by: ▪ disability and age and ▪ disability and ethnicity
All children with disabilities have access to the general curriculum and assessments, with appropriate accommodations, supports, and services, consistent with high standards.	**3.1 Regular education settings (school age).** The percentage of children with disabilities ages 6-21 who are reported by states as being served in the regular education classroom at least 80 percent of the day will increase.	State educational agencies report the number of students ages 6-21, by age category, disability and placement.
	3.3 Suspensions or expulsions. The percentage of children with disabilities who are subject to long-term suspension or expulsion, unilateral change in placement or change in placement if their current placement is likely to result in injury to someone, will decrease.	State educational agencies report the number of students suspended or expelled, unilateral removal or removal based on a hearing by: ▪ disability and basis of removal and ▪ ethnicity and basis of removal
Secondary school students with disabilities receive the support they need to complete high school prepared for postsecondary education or employment.	**4.1 Graduation.** The percentage of children with disabilities exiting school with a regular diploma will increase and the percentage who drop out will decrease.	State educational agencies report the number of students ages 14-21 that exited special education by: ▪ age, disability and basis of exit, ▪ age and basis of exit and ▪ ethnicity and basis of exit
States are addressing their needs for professional development consistent with their comprehensive system of personnel development.	**5.1 Qualified personnel.** The number of states and outlying areas where at least 90 percent of special education teachers are fully certified will increase.	State educational agencies report the number and type of teachers and other personnel to provide special education and related services for children ages 3-21. State educational agencies must report the number of staff: ▪ fully certified and ▪ not fully certified

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Sharon A. Wise

John Engler, Governor
Ex Officio

MEMORANDUM

TO: Richard Dowd, Inspector General

FROM: Thomas D. Watkins, Jr.

DATE: August 24, 2001

SUBJECT: Response to Draft Audit Report

Enclosed is our response to the Draft Audit Report regarding the Michigan Department of Education Management Controls Over IDEA, Part B – Special Education Performance Data.

If you have any questions please contact Mr. John Andrejack at (517) 241-4386.

Enclosure

Finding No. 1 – MDE's management Controls Over its Electronic Data Collection and Reporting Process for IDEA, Part B Performance Data are Inadequate and Result in Inaccurate Reports

The Michigan Department of Education (MDE), Office of Special Education and Early Intervention Services (OSE-EIS) agrees with this finding.

Recommendations

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services:

1.1   **Request MDE to develop and perform edit checks of the performance data received from ISDs and the statewide database to eliminate reported duplicate children, ineligible children, and invalid data.**

The new MDE OSE-EIS electronic information system, the Michigan Compliance Information System (MI-CIS), will provide onscreen field help and entry validation, as well as ongoing centralized server side validation, and automatically generated e-mail validation reports. This process will allow only valid data to be entered within specific parameters. Any data entered outside of the specific parameters will be disallowed. The onscreen field help will notify the user of the error at the time of entry. The MI-CIS will also include a duplicate algorithm that will be applied statewide for all students in the MI-CIS system that will give each student a unique identifier that will provide the ability to locate duplicate children. The MI-CIS will use OSEP/Westat data validation criteria to flag suspicious year-to-year intermediate school district (ISD) summary results. The OSE-EIS will address reported overdue IEPT meeting dates through compliance monitoring.

1.2   **Request MDE to develop written detailed policies and procedures for the entire data collection and reporting function that includes independent reviews, backup personnel, and a contingency plan.**

The MI-CIS system includes the development of detailed polices and procedures for the entire data collection and reporting function. The users will be provided training, written instruction, and onscreen help at the point of entry, detailing the policies and procedures to be followed. The MI-CIS system will also include a written policies and procedures manual detailing the overall collection of the performance data and how each specific data element is received and reported, as well as each step from the point of entry to the completion of the required federal reports. The MI-CIS data management will be contracted with Interagency Information Systems (IIS) and Enterprises Computing Services (ECS). There will be at least four persons that are fully trained on the MI-CIS system at the support end. Local school district data entry staff will be trained on the MI-CIS system with oversight provided from the OSE-EIS to provide continuity from previous data collection systems. Two levels of phone support (IIS and ECS) will be

provided during normal business hours. All information received by the MI-CIS will be continuously backed up on at an off-site server. The OSE-EIS will regularly monitor the MI-CIS system and the reports that it generates to identify possible errors or inconsistencies.

1.3   Request MDE to implement procedures to ensure that ISDs and LEAs perform error checks of their data prior to submission and ensure that Data Submission Certifications are obtained from ISDs certifying that the required error checks have been performed.

As identified in Recommendation 1.1, the MI-CIS will only accept data that has been entered within specific parameters. This provides the performance of an error check at the point of entry with the immediate opportunity for correction. There is also a second validation of data on the server side. If errors are found on the server side, a message will be electronically generated back to the user identifying the error to be corrected. Once the data has been submitted successfully, an electronic Data Submission Certification is provided for the Intermediate School District (ISD) to affix a signature certifying that the required error checks have been performed.

1.4   Request MDE to use the Federal placement categories instead of calculating placement categories.

For the 2001-2002 school year, written procedures will specifically identify how the current Michigan placement categories are mapped into the Federal placement categories. These procedures will be implemented through business rules written into the MI-CIS software.

1.5   Request MDE to use the 8 Federal exit reason codes instead of the 14 MDE exit reason codes used to report statistics.

The Center for Education Performance and Information (CEPI), a Governor mandated educational data collection center, currently defines 24 exit codes. This information is collected on the Single Record Student Database, from which the OSE-EIS will download information for Federal reporting purposes. The OSE-EIS policies and procedures will include how the Michigan exit reason codes are mapped into the Federal exit reason codes. These procedures will be implemented through business rules written into the MI-CIS software.

1.6   Request MDE to implement procedures for a review by a second person to confirm that data fields related to the OSEP reporting form are properly recorded in the MDE database and the Federal guidelines for reporting placement and exited students are followed.

Please see the response to Recommendation 1.2 above.

1.7   Request MDE to use audits to identify and correct systemic problems; mandate recounts when error rates exceed specified limits; and implement risk based targeting of reviews.

Systemic issues regarding data collection will be regularly reviewed by a data collection team including personnel from IIS, ECS and the OSE-EIS for purposes of improving program design and the ability to target training and review. The Office of Special Education Programs (OSEP) continuous improvement model requires that data be collected, analyzed, and interpreted for planning and evaluation at both the statewide and local level, and is also risk-based. Those school districts showing need for improvement will be selected for specific training and technical assistance.

Finding No. 2 – MDE Lacks Controls Over Data Input and Retention of Documents for Manually Submitted Discipline Data and Supplemental Performance Data

The MDE, OSE-EIS agrees with this finding.

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services:

2.1   Request MDE to establish and implement data entry edits to systematically review the IDEA, Part B performance data entered from the supporting source documents to ensure the data is accurate.

With the development of the SRSD and the MI-CIS systems, the OSE-EIS will no longer be accepting paper source documents for data collection. Data entry into the electronic systems will be the responsibility of each ISD that has oversight for constituent LEA and Public School Academies (PSAs). Please see the response to Recommendations 1.1 and 1.3.

2.2   Request MDE to establish and implement controls to ensure that the ISDs and LEAs submit accurate discipline data.

Please see Recommendations 1.1, 1.3 and 2.1.

2.3   Require MDE to establish and implement a record retention policy for all IDEA, Part B performance data documentation.

The MDE OSE-EIS has established record retention policies for all IDEA, Part B performance data documentation that meets or exceeds Federal Regulations (MDE, Schedule for the Retention and Disposal of Public School Records, Bulletin No. 522, revised, 3/18/97).

Finding No. 3 – MDE's Ability to Provide Reliable Data is Affected by Inconsistent Local Educational Agencies and Intermediate School District Data Systems

The MDE OSE-EIS agrees with this finding.

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services:

3.1   **Request MDE to direct the LEAs and ISDs to implement a consistent data system to record, manage, and report special education data or establish alternative controls to ensure the LEAs and ISDs provide consistent data.**

The MDE OSE-EIS is establishing within its new MI-CIS system, along with the CEPI data collection system (SRSD), alternative controls to ensure the ISDs, LEAs and PSAs provide consistent data. The State of Michigan has standardized state data collection through the SRSD. All Michigan schools are expected to use these uniformly defined fields for data submission. LEAs and PSAs are required to submit data to their respective ISDs in a uniform manner for ISD reporting to the state SRSD system. The CEPI distributes a statewide error check program to ensure that data coming to this system is checked for errors. The OSE-EIS MI-CIS also provides error checking. Therefore, these two systems ensure that the OSE-EIS will be able to record, manage, and report special education data through a consistent electronic data collection process.

3.2   **Request MDE to ensure that adequate training and technical assistance is provided to all users.**

The MDE OSE-EIS has included in its contract with Interagency Information Systems, the provision of regional training, website, listserve and phone support. The training and other support options were identified through field involvement (focus groups and pilot sites) in the MI-CIS development.

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