



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MAR 30 2001

THE INSPECTOR GENERAL

MEMORANDUM

TO : Andrew Pepin
Office of Special Education and Rehabilitative Services

FROM : Lorraine Lewis *Lorraine Lewis*

SUBJECT : FINAL AUDIT REPORT
*California Department of Education Management Controls Over
IDEA, Part B-Special Education Performance Data
Control No. ED-OIG/A09-A0016*

Attached is our subject report presenting our findings and recommendations resulting from our audit of the California 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 Gloria Pilotti, Regional Inspector General for Audit, at (916) 498-6622.

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

Attachment

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

FINAL AUDIT REPORT



**Control Number ED-OIG/A09-A0016
March 2001**

Our mission is to promote the efficient
and effective use of taxpayer dollars
in support of American education.



U.S. Department of Education
Office of Inspector General
Sacramento, California

NOTICE

Statements that management practices need improvement, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determination of corrective action to be taken will be made by 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.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MAR 30 2001

THE INSPECTOR GENERAL

ED-OIG/A09-A0016

Delaine Eastin
State Superintendent of Public Instruction
California Department of Education
721 Capitol Mall
Sacramento, California 95814

Dear Superintendent Eastin:

Enclosed is our final report entitled *California 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:

Andrew Pepin
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

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Executive Summary

The California Department of Education (CDE) should take additional steps to improve management controls over the collection and reporting of performance data provided to the U.S. Department of Education (ED). The Government Performance and Results Act of 1993 (GPRA) requires that Federal agencies submit annual performance reports to Congress. The Office of Special Education Programs (OSEP) within ED's Office of Special Education and Rehabilitative Services (OSERS) administers programs funded under the Individuals with Disabilities Education Act (IDEA), Part B. OSEP uses performance data reported by state educational agencies in preparing ED's report to Congress on the outcomes of the IDEA, Part B programs.

For reporting outcomes under ED'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)

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

Our review of procedures and available documentation at CDE, one special education local plan area (SELPA) and three school districts identified weaknesses in CDE's management controls covering performance data for placement, exiting and discipline for school year 1998-99. Specifically, we found that CDE did not fully meet two of the six *Data Quality Standards* developed by ED for use by its managers when monitoring grantees and evaluating the quality of the reported data.¹

CDE did not fully meet the standards covering accurate descriptions because:

- The SELPA and school districts used exiting categories that did not correlate to the categories on the OSEP reporting form.
- CDE used the child's age on the exiting date when determining exiting counts rather than the child's age on December 1st.
- CDE included children more than once in the reported child counts for exiting.
- Not all of California's school districts provided discipline data.

¹ In March 2000, ED included the *Data Quality Standards* as an Appendix in Volume 1 of its publication titled *1999 Performance Reports and 2001 Plans*.

In addition, CDE did not fully meet the standards covering editing because:

- CDE's computer software recorded a zero placement percentage in the statewide database when school districts reported that a child would spend 100 percent of his or her time in a regular education program.
- CDE, the SELPA and school districts did not perform sufficient reviews of the data entered by school district staff to ensure that the data are correct, internally consistent and without mistakes.

We also concluded that school districts' use of varying methods for determining a child's placement percentage could impact CDE's ability to provide reliable data.

California has 119 SELPAs that report performance data to CDE for a total of 1,101 school districts. Our audit was limited to reviews of procedures and documents at CDE, one SELPA and three school districts. Since the procedures used by other SELPAs and school districts 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 SELPA or school districts.

CDE has already taken steps to address some of the identified weaknesses. We recommend that the Assistant Secretary for Special Education and Rehabilitative Services require CDE 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 CDE and our specific recommendations for each of the findings.

The Other Matters section of the report discloses that individual education program (IEP) and triennial assessment dates in the statewide database were not within the required time frames for children included on the 12/1/98 child count. Federal regulations require that a child's IEP is reviewed at least annually and that an assessment is conducted at least once every three years.

In its comments to the report, CDE expressed no objections to our findings and described the corrective action planned or taken. CDE's comments are summarized in the report following each finding. The full text of CDE's comments is included as Attachment B.

Audit Results

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. ED developed the *Data Quality Standards* to assist ED 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 include data reported by the individual states. CDE's management controls did not fully meet two of ED's *Data Quality Standards* for evaluating the quality of reported data. There are six standards:

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

For each of the data quality standards, ED provided examples of conditions that meet or fail to meet the standard. ED also provided Data Quality Checklists for use by primary data providers and secondary data managers. For school year 1998-99, CDE management controls over the collection and reporting of performance data for placement, exiting and discipline did not meet all elements contained in the *Data Quality Standards* for accurate description and editing.

CDE used three data collection processes to collect the IDEA, Part B performance data that it reported to OSEP for school year 1998-99. For intervention, placement and exiting data, CDE used two statewide databases created by the California Special Education Management Information System (CASEMIS). For discipline data, CDE used electronic files submitted by SELPAs to create a statewide database. For personnel data, CDE used information taken from hardcopy reports prepared by school districts to create a statewide database.

Intervention, placement and exiting. CDE used CASEMIS to create two databases for each school year. The databases contained student-level information on each child receiving special education in the state. The first database (child count database) contained information as of the December 1st child count. The child count database was used to report intervention and placement data. The second database (end-of-year database) contained information as of the end of the school year. This database was used for reporting the exiting data.² The information on the two CASEMIS databases originates from computerized files or hard copy reports that individual school districts provided to their respective SELPA.

² Beginning with school year 1999-00, CDE will also use the end-of-year database for reporting discipline data.

The school districts used either a system adopted by their SELPA or had their own computerized or manual systems that maintained information on children that received special education in their district. Twice each school year, the school districts submitted their files/reports to their respective SELPA. The SELPA was responsible for consolidating the files/reports into one computerized file that was in the prescribed CASEMIS format and passed the data edit checks performed by the CASEMIS software. When the file passed all edit checks, the CASEMIS software generated a certification, which the SELPA director signed certifying that the data was accurate and complied with applicable laws and regulations. The signed certification and consolidated file were sent to CDE. CDE used the consolidated file submitted by the individual SELPAs to create the CASEMIS statewide databases.

We concluded that CDE needed to take steps to improve management controls covering placement and exiting data reported to OSEP. For school year 1998-99, the CASEMIS software recorded a zero in the CASEMIS databases when school districts reported a 100 percent placement percentage, improperly used the child's age as of the exiting date for reporting exiting data and included children more than once in the exiting reporting form. We also found that the SELPA and school districts we reviewed used exiting categories that did not correlate to the categories on the OSEP reporting form and that they did not perform sufficient reviews of the data entered by school district staff. In addition, CDE did not perform sufficient reviews to ensure that the CASEMIS statewide databases accurately reflected the information contained in school district records.

Discipline. For school year 1998-99, CDE had SELPAs submit the discipline data for their school districts in an electronic file using a prescribed format. The format required the SELPAs to report each disciplinary occurrence. CDE used the electronic files submitted by the SELPAs to create a separate statewide database.

The procedures used by SELPAs to collect the discipline data from the school districts varied. The reviewed SELPA had the school districts submit the data on a hardcopy form designed by the SELPA staff. SELPA staff entered the information from the hard copy forms into the electronic file.

The discipline data on the statewide database for school year 1998-99 was incomplete. CDE did not include the discipline data for six SELPAs because the data was not provided in a useable form. We also found that the discipline data submitted by the reviewed SELPA did not include information from all its school districts.

Personnel. CDE collected personnel data for each school district using a CDE-designed hardcopy form. The school districts submitted the forms to CDE through their respective SELPA. CDE staff enters the information from the hardcopy forms into an electronic file. Nothing came to our attention during our limited assessment and testing of management controls that caused us to doubt the acceptability of CDE's reported performance data for personnel for the school year 1998-99.

In addition to the management control weaknesses, we noted that the school districts' use of varying methods for determining a child's placement percentage may impact CDE's ability to provide reliable placement data.

Finding No. 1 –CDE Did Not Fully Meet the Data Quality Standard for Ensuring That Data Definitions and Counts Are Correct

Standard Two—Accurate Description of the *Data Quality Standards* ensures that data definitions and counts are correct. We found that, for exiting and discipline data, CDE did not fully meet the standards covering accurate description because:

- The SELPA and school districts used exiting categories that did not correlate to the categories on the OSEP reporting form.
- CDE used the child’s age on the exiting date rather than the child’s age on December 1st when determining exiting counts.
- CDE included children more than once on the exiting reporting form.
- Not all of California’s school districts provided discipline data.

The Exiting Categories Did Not Correlate to the Categories on the OSEP Reporting Form

California SELPAs and school districts use their own systems and formats (i.e., record layouts and data definitions) for collecting the individual child information that is submitted to CDE for inclusion in the CASEMIS database. Standard Two specifies the requirement that “[a]ll data providers use the same agreed-upon definitions.” We found that definitions used by the SELPA and school districts we reviewed did not correlate to CASEMIS and the OSEP reporting form for the “dropped out” and “moved” categories.

For school year 1998-99, the reviewed SELPA and school districts used exiting categories that included “other” and “reason unknown.”³ According to the SELPA director, the “other” code was used whenever the reason for the student leaving special education did not fit other available exiting categories. Staff at one school district told us that the “other” category was used for a child in our sample because the child was a runaway. When preparing the student information file for submission to CDE, the SELPA recorded the exiting categories of “other” and “reason unknown” as “moved, not known to be continuing.”

Table 4 of the OSEP reporting form contains eight exiting categories: (1) no longer receiving special education; (2) graduated with regular high school diploma; (3) received a certificate; (4) reached maximum age; (5) died; (6) moved, known to be continuing; (7) moved, not known to be continuing; and (8) dropped out. OSEP defined “moved, not known to be continuing” as children who moved out of the catchment area (i.e., school district jurisdiction) and are not known to be continuing in another education program (i.e., enrolled in another school). OSEP defined “dropped out” as children who did not exit through any of the other described categories and provided the following examples: dropouts, runaways, GED recipients, expulsions, status unknown and other exiters.

³ To assess management controls, we reviewed the collection and reporting procedures and supporting documentation at CDE, the East San Gabriel Valley SELPA, Pomona Unified School District, Azusa Unified School District and Charter Oak Unified School District.

Based on OSEP’s definitions, children categorized as “other” and “reason unknown” should have been recorded as “dropped out” in the file submitted to CDE. Thus, the exiting categories used by the SELPA and school districts were not aligned with the definitions in the OSEP Table 4 reporting form.

One of OSEP’s performance indicators is “Graduation: The percentage of children with disabilities exiting school with a regular high school diploma will increase, and the percentage who drop out will decrease.” CDE may be underreporting its “dropped out” child count, which would affect the accuracy of data used for this indicator. As shown below, CDE’s exiting data for the “dropped out” category was not consistent with the data reported by the other 49 states.

	<u>Total Exits</u>	<u>Moved, Not Known to Be Continuing</u>	<u>Dropped Out</u>
CDE	60,450	11,036 (18%)	2,694 (4%)
Reviewed SELPA	1,094	200 (18%)	1 (0%)
Other 49 States	448,066	49,442 (11%)	71,524 (16%)

CDE Improperly Used the Child’s Age on the Exiting Date for Reporting Exiting Data

CDE did not use the agreed-upon definition of a child’s age for its exiting reports. CDE reported the child counts in the age categories of the exiting report based on the child’s age on the exiting date rather than the child’s age on the count date (December 1). OSEP instructed the states to use the OSEP IDEA, Part B 1998 Data Dictionary when reporting performance data. The Data Dictionary states that “[a]ge is a child’s actual age in years on the date of the child count....”

The age of the child was used to identify the children included in the measure for the above OSEP performance indicator for “Graduation.” The performance measures used child counts for children ages 14 through 21. As a result of using the child’s age at the time of the exit, CDE:

- Included children who were 14 at the time of the exit but were only 13 years of age on December 1st (i.e., birth dates after December 1st and before the end of the school year).
- Excluded children who were 14 on December 1st, but were 13 at the time of the exit (i.e., birth dates between the beginning of the school year and December 1st).
- May have misclassified children who were 21 years old on December 1st under the “22+” age category when the child reached age 22 prior to the exiting.

CDE May Have Included Children More Than Once in Its Reported Exiting Counts

CDE included children more than once in the child counts on the exiting report. Standard Two of the *Data Quality Standards* ensures that occurrences are not double counted. The instructions that accompany the OSEP exiting data collection forms directs the state educational agencies to provide an unduplicated count of children exiting special education.

Our analysis of the CASEMIS database identified 1,314 children with the same last name, first name, birth date and gender. These children may have been included in the report totals more than once. According to a CDE official, the year-end database is not checked for multiple records per child because CDE uses the database to track moves of children transferring from district to district. CASEMIS software does not take into account multiple records when preparing the child counts for the exiting report.

CDE Reported Incomplete Discipline Data

When we initiated the audit, CDE officials informed us that its reported discipline counts were incomplete because not all SELPAs provided CDE with usable discipline data. Also, at the reviewed SELPA, we found that one of the three school districts reviewed did not provide discipline data to the SELPA. Standard Two of ED's *Data Quality Standards* specifies that all instances are counted, and no instances are omitted. CDE did not disclose the data limitation on the discipline report submitted to OSEP.

School year 1998-99 was the first year that OSEP required state educational agencies to report discipline data. Since collecting the discipline data for that year, CDE revised the CASEMIS software to include discipline data for each child. The revised CASEMIS software was used to collect discipline data for school year 1999-00.

Recommendations

The Assistant Secretary for Special Education and Rehabilitative Services should:

- 1.1 Require CDE to issue guidance to school districts on the proper category to use when the reason for the exit is unknown so that CDE can properly include such exits in the "dropped out" category on the OSEP reporting form.
- 1.2 Require CDE to ensure that it and the SELPAs, if applicable, have an acceptable method for grouping the exits in the categories specified on the OSEP reporting form.
- 1.3 Require CDE to use the child's age on December 1st for reporting exiting counts.
- 1.4 Require CDE to implement procedures to eliminate multiple counts of children on the exiting report form.

CDE's Comments

In its comments to the report, CDE described the corrective action planned or taken to address the recommendations. CDE stated that training would be provided to SELPAs and school districts on exit reporting categories. Starting with school year 2001-02, CDE will include all of OSEP's dropout categories in CASEMIS. In addition, CDE plans to verify the data collection and reporting process as part of its monitoring of school districts.

CDE stated that CASEMIS application software would be changed to calculate children's ages as of December 1st. CDE also stated it had concerns regarding use of that date and plans to continue to work with OSEP to clarify this issue. CDE also plans to add a verification routine in its software to identify duplicate records in the SELPA files submitted for inclusion in CASEMIS.

OIG Response

To further ensure that children are included only once in the exiting report, CDE should also implement procedures to identify duplicate records for children that were included in more than one SELPA's file.

Finding No. 2 – CDE Did Not Fully Meet the Data Quality Standard for Ensuring that Data Used Are Correct, Internally Consistent and Without Mistakes

Standard Three—Editing ensures that data are clean. ED's definition for this standard is “[d]ata used are correct, internally consistent and without mistakes.” We found that CDE did not fully meet the editing standard because:

- CASEMIS software recorded a zero placement percentage in the database when school districts reported that a child would spend 100 percent of his or her time in a regular education program.
- CDE and the SELPA and school districts we reviewed did not perform sufficient reviews of the data entered by school district staff to ensure that the data are correct and complete.

CASEMIS Software Recorded a Zero Placement Percentage When School Districts Reported 100 Percent

CASEMIS system recorded a zero placement percentage when school districts reported that the child would spend 100 percent of the time in a regular education program. Our analysis of the CASEMIS 12/1/98 child count database for the school year 1998-99 identified records for 3,373 children that showed the child in the regular education program with designated instruction service (CASEMIS code #410) and a 00 percent of time spent in a regular education program.

By definition, children with CASEMIS code #410 would spend a portion of the time in a regular education program.⁴

One of OSEP's performance indicators is "the percentage of children with disabilities ages 6 to 21 who are reported by states as being served in the regular education classroom at least 80 percent of the day will increase." Incorrect placement percentages impact the accuracy of data used to measure this indicator.

The percentages were recorded as zero because the CASEMIS software used for school year 1998-99 was designed to allow only two characters for the placement percentage data. CDE has modified the CASEMIS software to provide a three-character field for recording the placement percentage. The revised CASEMIS software will be used in gathering data for school year 2000-01.

Insufficient Reviews of Data Entered From Source Documents

CDE and the reviewed SELPA and school districts did not conduct sufficient reviews to ensure that individual student information is accurately reflected in the CASEMIS databases.

School District Level. The school districts were responsible for the accuracy and completeness of the data submitted to the SELPA and CDE. We found that school districts did not have procedures for an independent verification of the data entered by district staff. We also found that the schools received computer printouts from the district but had no procedures for confirming that the data was entered completely and correctly.

SELPA Level. SELPA staff did not conduct reviews to confirm that data entered into the CASEMIS system accurately reflected information in the school's records. SELPA staff did address exceptions found by CASEMIS edit checks, and the SELPA director stated that he "eyeballed" CASEMIS summary reports. The SELPA also provided school district staff with the CASEMIS summary reports, which the district staff indicated they also "eyeballed."

State Level. For school year 1998-99, CDE did not conduct reviews to ensure that the information on the CASEMIS databases reflected accurate and complete information contained in school files. CASEMIS did include edit checks to ensure that data fields in individual records contained data in the appropriate format. Also, CDE had procedures for identifying and eliminating duplicate records on the December 1st child count databases.

Our review identified instances where information in the CASEMIS databases was incorrect. We compared selected information on the database used for the 12/1/98 child count with records at the reviewed school districts. We found that the CASEMIS information for 13 of the 87 children reviewed was inconsistent with school records:

⁴ For the children selected for file reviews at the three school districts, one child had zero percent on the CASEMIS database. We confirmed that the school district intended to report a placement percentage of 100 percent for this child.

- 11 children – The placement percentage used to calculate the time a child spends in the regular classroom did not match the percentage documented in the child’s IEP.
- 1 child – The child’s birth date did not match the date in the school files.
- 1 child – The child’s IEP contained a statement that the child was no longer receiving special education as of June 1998.

We also compared information from the CASEMIS end-of-year exit database for school year 1998-99 with records at the school districts. We found that the CASEMIS information for 10 of the 29 children reviewed was inconsistent with school records or the school records did not support the information.

- 4 children – The school records contained no information to confirm that the exit reason and date in the CASEMIS database were correct.
- 4 children – The exiting reason in the CASEMIS database did not match the reason in the school file. Also, for 1 of the 4 children, the child’s exit date was incorrect on the CASEMIS database.
- 2 children – The school records showed that the children were not enrolled at the school during school year 1998-99.⁵

CDE used the CASEMIS databases to prepare reported child counts for intervention, placement and exiting. Since neither CDE nor the reviewed SELPA and school districts conducted reviews of the data entered into their databases, we have little assurance that the information contained in the CASEMIS database was correct and without mistakes.

During school year 1999-00, CDE implemented a school file review process that included confirming information on the CASEMIS child count database. For the initial cycle, CDE conducted reviews at selected school districts. The reviews included confirming database information for children selected from the CASEMIS database for the 12/1/97 child count with school records. For the next cycle, CDE plans to conduct reviews at additional school districts and select children from the CASEMIS database used for the 12/1/99 child count. According to CDE staff, these databases were the most recent completed database available at the time of the reviews. CDE does not plan to perform reviews of information on the CASEMIS database used for the 12/1/98 child count.

⁵ These 2 children were not included on the CASEMIS file for the 12/1/98 child count.

Recommendations

The Assistant Secretary for Special Education and Rehabilitative Services should:

- 2.1 Recommend CDE implement an edit check in the CASEMIS system to ensure that the placement setting and placement percentage are in agreement.
- 2.2 Recommend CDE ensure that school districts 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 CASEMIS database.
- 2.3 Recommend that CDE consider requiring SELPAs to conduct periodic reviews of school district procedures and data to support their certifications that the data is accurate.

CDE's Comments

CDE stated that an edit check was not necessary because the placement setting categories will be removed from CASEMIS after school year 2000-01. CDE plans to work with school districts and SELPAs to implement the recommended reviews. Also, CDE will verify that reviews are being performed during its monitoring of school districts and SELPAs.

OIG Response

After receiving the response, we inquired about the procedures CDE would use to report placement data after removal of the placement categories. CDE stated that it would use information contained in two new data fields in CASEMIS. If there is a relationship between the data fields, CDE should implement edit checks in CASEMIS to ensure that data in the two new data fields are in agreement.

Finding No. 3 – Varying Methods for Determining Placement Percentage Could Impact Accuracy of Reported Data

School districts used varying methods to determine a child’s placement percentage. We found that each of the three school districts we reviewed had its own standard percentage charts and procedures for estimating a child’s time in regular class based on the type of educational placement setting. At one school district, the staff used a specific percentage taken from the standard chart. At the other two school districts, the standard chart showed a range of percentages for each type of educational placement setting. At one of these districts, staff used their judgment to estimate a percentage of time in regular class that was within the specified range shown on the chart. At the other district, the staff used the high-end percentage of the range. The accuracy of data used to measure the placement indicator is impacted by inconsistencies in methods used to determine the placement percentage.

Neither OSEP nor CDE have provided specific instructions for calculating the placement percentage. In the CASEMIS User’s Manual, CDE suggested to school districts that they obtain the placement percentage by taking into account the amount of instructional time (minutes per day if it is a daily program or per week if it is a weekly program) spent by the student in the regular class and dividing this time by the total amount of instructional time. OSEP officials informed us that the percentage should be based on actual time, but OSEP has not provided guidance to the states on how to determine the placement percentage.

Recommendation

- 3.1 The Assistant Secretary for Special Education and Rehabilitative Services should work with CDE to develop guidance for SELPAs and school districts on determining placement percentages.

CDE’s Comments

CDE stated that it looks forward to working with OSERS to clarify how placement percentages should be calculated.

Other Matters

Individualized Education Program and Triennial Assessment Dates

IEP and triennial assessment dates in the CASEMIS database were not within the required time frames for children included on the 12/1/98 child count. Pursuant to 34 CFR §300.343(c)(1) and 34 CFR §300.536 each public agency shall ensure that a child's IEP is reviewed at least annually and that a reevaluation (triennial assessment) is conducted at least once every three years. For children included in the CASEMIS database for the 12/1/98 child counts, school records should include an IEP that was prepared or reviewed between 12/1/97 and 12/1/98 and a triennial assessment that was conducted between 12/1/95 and 12/1/98.

Our analysis of the CASEMIS database for the 12/1/98 child count found that 115,265 of the 623,651 children in the database had IEP and/or triennial assessment dates that were not within the required time frames. We reviewed school records for 29 of the 935 children that did not have dates within the required time frames for the three school districts we selected for review in our audit. Based on the reviews, we concluded that:

- For 15 children, school records did not contain an IEP and/or triennial assessment that was conducted within the required time frames. Information on the CASEMIS database for the 12/1/99 child count indicates that the 15 children were receiving special education services after 12/1/98. Therefore, it is likely that the children were receiving service on 12/1/98 and were appropriately included in the reported child counts.
- For 13 children, the school records contained an IEP and triennial assessment conducted within the required time frames, but the school districts had not updated the IEP and assessment dates in the computerized files provided to the SELPA.
- For 1 child, the school records included an IEP containing a statement that the child was no longer receiving special education as of June 1998. This child should not have been included in the reported child counts since the child was not receiving special education services on 12/1/98.

The State of California does not limit its reported child counts to children that have IEP and/or assessments conducted within the required time frames for the December 1st count date. Therefore, the late IEP/assessments and failure to record current dates in CASEMIS did not have an impact on CDE's reported child counts for intervention, placement, exiting and discipline as long as the children included in the counts were receiving services. As noted above, we found that 1 of the 29 children was not receiving special education as of the 12/1/98 child count.

During school year 1999-00, CDE took action to address the untimely dates for IEPs/assessments. CDE provided individual school districts with a list of children on the CASEMIS database for the 12/1/99 child count for which the database had dates that were over one year for the IEP and over three years for the assessment. CDE instructed the districts to conduct the required IEP and assessments. CDE advised school districts of its intent to impose sanctions for issues of long-standing noncompliance and monitor the district's compliance using the CASEMIS year-end database for school year 1999-00.

Background

The GPRA, enacted on August 3, 1993, specifies the purposes of the Act which include:

- 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; and
- 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.

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.

ED published its *Strategic Plan 1998-2002* in September 1997. ED'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. ED relies on state-reported data in measuring performance for six of the nine listed indicators.

CDE is responsible for administering the IDEA, Part B—Special Education Program in the State of California. The state has 119 SELPAs. Each SELPA is responsible for providing oversight for one or more of the state's 1,101 school districts. The SELPAs are responsible for collecting special education data from the school districts and submitting the data to CDE.

CDE received \$469 million of IDEA Part B funds for the 1999-2000 award year. CDE reported that 623,651 children were receiving special education services in the state on 12/1/98.

Purpose, Scope and Methodology

The purpose of the audit was to: (1) identify the process used by CDE to accumulate and report IDEA, Part B performance data to OSEP, (2) determine whether CDE management controls ensured that the performance data was reliable and (3) identify barriers or obstacles that may impact CDE's ability to provide quality performance data. The audit was limited to state-reported data used by OSEP to report on program objectives and outcomes as required by GPRA. Our review covered the state-reported school year 1998-99 data for the performance indicators: inclusive settings and regular education settings (placement), earlier identification and intervention (intervention), graduation (exiting), suspensions and expulsions (discipline) and qualified personnel (personnel).

To accomplish our objectives, we interviewed state officials and staff responsible for collecting, processing and reporting the performance data to OSEP. We evaluated CDE's procedures to ensure that data reported by school districts was accurately recorded in the CASEMIS databases and that the data reported to OSEP was supported by the data contained in the CASEMIS databases. For the school year 1999-00, the State of California had 1,101 school districts that reported performance data to 119 SELPAs.

Six SELPAs had two or more assigned school districts and reported over 10,000 children for the IDEA, Part B program. From this group, we randomly selected one SELPA and reviewed its procedures and the procedures used by 3 of the 12 school districts assigned to the SELPA. To ensure that we evaluated procedures at school districts with varying populations of special education children, we grouped the 12 school districts based on their reported child counts and selected one school district from each group.

<u>Number of School Districts</u>	<u>Reported Child Count</u>	<u>Selected School District</u>
1	Over 2,000	Pomona Unified School District
5	Between 1,000 and 2,000	Azusa Unified School District
6	Between 300 and 999	Charter Oak Unified School District

In addition, we reviewed CDE's single audit reports for the fiscal years ended June 30, 1998, and 1999 and the single audit reports for each selected school district for the fiscal year ended June 30, 1999.

Intervention, Placement and Exiting. To achieve our audit objectives for the intervention, placement and exiting performance indicators, we extensively relied on computer-processed data extracted from CDE's CASEMIS databases. Our assessment of the reliability of the database was limited to (1) gaining an understanding of the procedures used by CDE and the selected SELPA and three school districts to collect, process and review the data and (2) confirming that selected data in the CASEMIS databases was supported by information contained in school records.

To confirm that school records supported information on the database, we randomly selected two groups of children from the CASEMIS database for the 12/1/98 child count. The first group was selected from all children receiving special education in the selected school districts. The second group was selected from those children in the school districts with IEP and/or assessment dates that were not within the required time frames for the 12/1/98 child count. The following table shows the total children in each group and the number of children for which we reviewed school files:

School District	Children Receiving Special Education		Children Receiving Special Education with IEP/Assessment Dates Not Within Required Time Frames	
	Total Children Reported	Student Files Reviewed	Total Children Reported	Student Files Reviewed
Pomona	3,063	30	560	10
Azusa	1,092	30	187	10
Charter Oak	646	30	188	10

From our assessment and tests, we concluded that CDE should take additional steps to improve management controls over the collection and reporting of performance data reported to OSEP for placement and exiting. The Audit Results section of the report provides details on our findings.

Discipline. To achieve our audit objective for the discipline performance indicator, we gained an understanding of the procedures used by CDE, and the selected SELPA and three school districts. We confirmed the CDE official’s statement that the reported child counts for school year 1998-99 were incomplete. We also reviewed CASEMIS documentation to confirm that the file structure was changed to include discipline data. The Audit Results section of the report provides details on our findings.

Personnel. To achieve our audit objectives for the personnel performance indicator, we (1) gained an understanding of the procedures used by CDE and the selected SELPA and three school districts to collect, process and review the data, (2) confirmed that data reported to OSEP was supported by information contained on CDE’s electronic file, (3) tested CDE’s entry of data provided by the three school districts into the electronic file and (4) confirmed that data provided by the three school districts was supported by information contained in school records. The following table shows the total personnel reported by each school district and the number of randomly selected personnel files reviewed:

School District	Total Personnel Reported (Full Time Equivalencies)	Personnel Files Reviewed
Pomona	299.82	10
Azusa	128.73	10
Charter Oak	55.29	10

Nothing came to our attention during our limited assessment and testing of management controls that caused us to doubt the acceptability of CDE’s procedures and the data submitted by the three school districts.

We performed our fieldwork at CDE in Sacramento, California and at the East San Gabriel Valley SELPA. We also performed fieldwork at the district and school offices of the Pomona Unified School District, Azusa Unified School District and Charter Oak Unified School District. Fieldwork was conducted from June to September 2000. We held our exit meeting with CDE officials on 12/19/00. 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 CDE'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 CDE and the reviewed SELPA and school districts provided a reasonable level of assurance that CDE reported reliable performance data to OSEP.

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

- Guidance and technical assistance,
- Collection of data from school districts,
- Data compilation and report preparation and
- Monitoring school district 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 CDE's ability to report accurate performance data for IDEA, Part B. These included (1) using exiting categories that did not correlate to the categories on the OSEP reporting form, (2) using the child's age on the exiting date when determining exiting counts rather than the child's age on December 1st, (3) including children more than once in the reported child counts for exiting, (4) reporting incomplete discipline data, (5) computer software recording a zero placement percentage instead of the school district's reported 100 percent, and (6) insufficient reviews of the data entered by school district staff.

**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: <ul style="list-style-type: none"> ▪ disability and age and ▪ disability and ethnicity
All children with disabilities have access to the general curriculum and assessments, with appropriate accommodations, support, 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, unilaterally removal or removal based on a hearing by: <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ▪ fully certified and ▪ not fully certified

CDE's Comments to the Report

March 19, 2001

Gloria Pilotti, Regional Inspector General for Audit
U.S. Department of Education
801 I Street, Suite 219
Sacramento, CA 95814

Audit Control No. ED-OIG/A09-A0016

Dear Inspector General Pilotti:

Thank you for the opportunity to review and comment on your draft audit report, *California Department of Education, Management Controls Over IDEA, Part B – Special Education Performance Data* (Audit Control Number ED-OIG/A09-A0016), dated February 2001. The California Department of Education's (CDE) comments on the findings and recommendations in the audit report follow.

CDE would like to note that the findings identified in this audit report are not necessarily representative of statewide practices for collecting and reporting special education data because the audit report is based on the review of procedures and practices at only one Special Education Local Plan Area (SELPA) and three school districts within that SELPA. Statewide, there are 119 SELPAs and over 1000 school districts in California. Based upon the small sample size, it would be inappropriate to draw statewide conclusion of similar procedures and practices at the local level throughout California.

Recommendation 1.1 - Require CDE to issue guidance to school districts on the proper category to use when the reason for exit (from special education) is unknown so that CDE can properly include such exits in the "dropped out" category on the U.S. Department of Education's Office of Special Education Programs (OSEP) reporting form.

Response: The audit report correctly points out that CDE captures all OSEP exit categories in its California Special Education Management Information System (CASEMIS) data collection system. CDE removed the "unknown" category from CASEMIS several years ago when OSEP removed the "unknown" category from their reporting requirements.

CDE conducts four regional meetings with SELPAs and school districts during each school year to ensure, among other reporting requirements, that school districts correctly use the CASEMIS exit reporting categories. During this year, CDE will specifically focus on the exiting categories to ensure that if the reason for exit is unknown, school districts report the exit as "dropped out."

In addition, to ensure greater accuracy of data, CDE is verifying the data collection and reporting process at the school district level as part of its focused monitoring process.

Recommendation 1.2 - Require CDE to ensure that it and the SELPAs, if applicable, have an acceptable method for grouping the exits in the categories specified on the OSEP reporting form.

Response: CDE will ensure that SELPAs and school districts use the correct exit categories and report the data in the appropriate CASEMIS exit categories, which are currently aligned with the OSEP exit categories. The OSEP definition of "dropout," which includes dropouts, runaways, GED recipients, expulsions, status unknown and other exiters is different from CDE's definition of dropouts. CDE defines a "dropout" as a student away from school for 45 days without formal transfer or withdrawal. To resolve the difference, starting with the 2001-02 school year, CDE will include all of the OSEP dropout categories in the CASEMIS database. CDE will rewrite its CASEMIS application software to sum the numbers reported in the OSEP dropout categories in CASEMIS and report the total to OSEP as dropouts.

CDE will provide training to all SELPAs and school districts on reporting dropouts during its regional meetings this year.

Recommendation 1.3: - Require CDE to use the child's age on December 1st for reporting exiting counts.

Response: CDE will immediately change its CASEMIS application software controls starting with the 2000-01 End-of-the Year Reporting Cycle (June 30, 2001) to ensure that the child's age on December 1 is used in preparing CDE's exit data reports.

Please note that CDE staff feel it may be inappropriate to use the December 1st age when a student with disabilities is not in special education on December 1, enters a special education program after December 1, and subsequently exits the special education program during the school year. CDE will continue to work with OSEP to clarify this issue.

Recommendation 1.4 - Require CDE to implement procedures to eliminate multiple counts of children on the exiting report form.

Response: Starting with the 2000-01 End-of-Year Reporting Cycle (June 30, 2001), CDE will add a verification routine in its CASEMIS application software to identify duplicate student records within a SELPA. CASEMIS will allow the SELPA to report the same student only once.

CDE will work with OSEP to evaluate the feasibility and utility of identifying duplicate student records at the state level.

Recommendation 2.1 - Recommend CDE implement an edit check in the CASEMIS system to ensure that the placement setting and placement percentage are in agreement.

Response: The placement setting categories in the CASEMIS database are required for determining state funding of special education programs until completion of the 2000-01 school year. Under the new state special education funding model effective with the start of the 2001-02 school year, the placement categories are no longer needed for state funding purposes. Furthermore, because special education is a service, and not a placement, the state placement categories have been removed from the CASEMIS database starting with the 2001-02 school year. Therefore, this recommendation is no longer applicable.

Recommendation 2.2 - Recommend CDE ensure that school districts 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 CASEMIS database.

Response: CDE will work with the SELPAs and school districts to implement second-party review of CASEMIS data at the school district level for the 2001-02 school year. CDE will verify through its focused monitoring process that second-party review is being implemented in the school districts.

Recommendation 2.3 - Recommend that CDE consider requiring SELPAs to conduct periodic reviews of school district procedures and data to support their certifications that the data is accurate.

Response: CDE will work with the SELPAs to implement periodic reviews of school district procedures and data during the 2001-02 school year. CDE will verify through its focused monitoring that reviews are being conducted at the SELPA level.

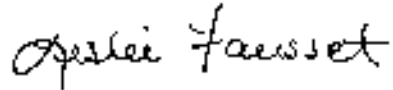
Recommendation 3.1 - The Assistant Secretary for Special Education and Rehabilitative Services should work with CDE to develop guidance for SELPAs and school districts on determining placement percentages.

Response: CDE looks forward to working with the Assistant Secretary for Special Education and Rehabilitative Services to clarify the instructions for calculating special education placement percentages.

Ms. Gloria Pilotti
U.S. Department of Education
March 19, 2001
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If you have questions regarding our response, please contact CDE's Audit Response Coordinator, Peggy Peters, at (916) 657-4440.

Sincerely,

A handwritten signature in cursive script that reads "Leslie Fausset".

LESLIE FAUSSET
Chief Deputy Superintendent for Policy and Programs

LF:map

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