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

FINAL AUDIT REPORT



**Control Number ED-OIG/A09-A0001
September 2000**

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

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

SEP 22 2000

THE INSPECTOR GENERAL

MEMORANDUM

TO: Judith Heumann, Assistant Secretary
Office of Special Education and Rehabilitative Services

FROM: Lorraine Lewis *Lorraine Lewis*

SUBJECT: FINAL AUDIT REPORT
*Arizona Department of Education Management Controls Over
IDEA, Part B-Special Education Performance Data*
Control No. ED-OIG/A09A0001

Attached is our subject report presenting our findings and recommendations resulting from our audit of the Arizona Department of Education Management Controls Over IDEA, Part B-Special Education Performance Data.

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

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Executive Summary

The Arizona Department of Education (ADE) needs to improve management controls over the collection and reporting of performance data provided to the U.S. Department of Education (Department). 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 the Department'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 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:

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

ADE 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.

Our review of procedures and available documentation at ADE and three of its local educational agencies (LEAs) identified weaknesses in the management controls covering performance data for exiting, discipline and personnel. We found that ADE and/or the LEAs did not meet three of the six data quality standards listed in the Department's publication, *Standards for Evaluating the Quality of Program Performance Data (1999 Working Draft)*.¹ ADE and/or the LEAs failed to meet elements contained in the standards covering accurate descriptions, editing and reporting. Specifically, we found that:

- The LEAs did not include all instances for the performance indicators,
- Neither ADE nor the three LEAs conducted reviews of the reported data or the reviews were inadequate and
- Neither ADE nor the three LEAs had documented its data collection processes.

We also found that ADE did not ensure that information submitted by LEAs on hardcopy reports was accurately reflected in its databases. Our review found that ADE and two of the LEAs we reviewed had not retained copies of its reports and related supporting documents for the three-year period required by applicable Federal regulations. Reconstructed reports and supporting documents, which were provided for our review, did not reconcile to the exiting, discipline and personnel data previously reported to ADE. In addition, we concluded that LEAs' reliance on

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

manual processes and varying data collection methods could impact ADE's ability to provide reliable data. Due to these weaknesses in ADE's and the LEAs' management controls, we have no assurance that ADE provided OSEP with reliable performance data for the 1998-1999 school year.

We recommend that the Assistant Secretary for Special Education and Rehabilitative Services require that ADE implement procedures to address the weaknesses in its management controls over reported performance data. The Audit Results section of the report contains our specific recommendations for each of the findings.

In its comments to the draft report, ADE generally concurred with the findings and described the corrective action planned or taken. ADE's comments are summarized in the report following each finding. The full text of ADE's comments is included as Attachment B.

Audit Results

ADE uses two separate methods to accumulate the IDEA, Part B performance data that it reports to OSEP. For exiting, discipline and personnel data, ADE compiles the data from reports submitted by LEAs. For intervention and placement data, ADE extracts the data from a statewide computerized database.

Exiting, discipline and personnel. ADE uses LEA-submitted information to compile the data reported for the exiting, discipline and personnel performance indicators. The LEAs report the information using the data collection format and instructions that OSEP provided to state educational agencies. ADE enters information from the LEA reports into separate ACCESS files for each performance indicator.

We concluded that ADE and LEAs did not have management controls in place that could be relied upon to ensure that exiting, discipline and personnel data reported to OSEP for the 1998-1999 school year were reliable. Also, we found that ADE did not have procedures to ensure that data from LEA reports were accurately entered in its ACCESS files. In addition, LEAs did not retain copies of their reports and related supporting documents for the three-year period required by applicable Federal regulations.

Intervention and placement. For these performance indicators, ADE uses its own computerized informational database on children with disabilities in the State, which includes the age, primary disability, ethnicity, gender and placement for each child. This data is referred to as the Special Education Census. ADE collected the data from LEAs on December 1, 1998 and used it to provide child counts for funding purposes. ADE extracts information from the census database to provide OSEP with data for the intervention and placement performance indicators.

We found that ADE's census database did not reflect all student withdrawal dates reported by an LEA that submitted hardcopy reports to ADE. ADE informed us that the error was not systemic but was caused by the LEA using the incorrect form. Except for this one instance, nothing came to our attention during our limited assessment and testing of management controls that caused us to doubt the acceptability of ADE's reported performance data for intervention and placement for the 1998-1999 school year.

In addition to the management control weaknesses, we noted that the LEAs' reliance on manual data collection processes and varying data collection methods could be barriers/obstacles that may impact ADE's ability to provide quality performance data.

Finding No. 1 – ADE and LEAs Did Not Have Management Controls in Place to Ensure the Reliability of Reported Performance Data for Exiting, Discipline and Personnel

ADE and LEAs did not have adequate management controls over the collection and reporting of performance data for exiting, discipline and personnel for the 1998-1999 school year. The Department's publication, *Standards for Evaluating the Quality of Program Performance Data (1999 Working Draft)*, lists six data quality 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, 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.

We reviewed the collection and reporting procedures and available documentation at ADE and three LEAs: Tucson Unified School District (Tucson), Deer Valley Unified School District (Deer Valley) and Dysart Unified School District (Dysart). ADE and/or the LEAs failed to meet elements contained in three of the standards: Accurate Description, Editing and Reporting. We found that:

- Tucson and Deer Valley did not report the actual number of instances for performance indicators,
- Neither ADE nor the three LEAs conducted reviews of the reported data or the reviews were inadequate and
- Neither ADE nor the three LEAs had documented its data collection processes.

Due to the weaknesses in the management controls, we have no assurance that ADE provided OSEP with reliable exiting, discipline and personnel data.

LEAs Did Not Report the Actual Number of Instances for Performance Indicators

Tucson and Deer Valley did not report the actual number of instances for performance indicators. Standard Two — Accurate Description of the *Standards for Evaluating the Quality of Program Performance Data* ensures that definitions and counts are correct. One example of failing this standard is when certain types of phenomena (e.g., private schools, children with disabilities) are overlooked or not consistently included in counts. Another example of failing this standard is the use of estimates instead of actual counts.

At Tucson, we found that a high school did not include all instances in the “dropped out” category on its exiting data report and may not have used the correct age when identifying students to include in the report. Also, a service center did not accurately report student removals/suspensions/expulsions in its discipline data submitted to the district office.

- Exiting data. Tucson’s ten high schools each report exiting data to the district office. We reviewed the reports submitted by two of the high schools. The staff at one high school included six students who met the district’s definition of a drop out in the “dropped out” category. However, two other students who met the “dropped out” definition were categorized as “moved, not known to be continuing.” Also, the high school improperly used the student’s age at the end of the school year to determine whether the student should be included in the reported exiting data. OSEP instructed state educational agencies 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: December 1....” As a result, the high school may have improperly included some students who were 13 years old and excluded some students who were 21 years old on December 1st. OSEP uses the data reported in the “dropped out” category for the following performance indicator: “...percentage [of children with disabilities] who drop out will decrease.” (The other high school that we reviewed had not retained its supporting documentation and the reconstructed records prepared for our review did not reconcile to its report. Therefore, we were unable to test the accuracy of the reported data.)
- Discipline data. Tucson has two service centers that report discipline data to the district office. Tucson procedures require schools to notify the service center when a child with disabilities is suspended or expelled. Each service center maintains a log of the reported disciplinary actions and used the logs to prepare the reported discipline data. Our review found that staff at one service center estimated the length of the suspension/expulsion actions for children with disabilities because disciplinary actions could be revised during manifestation hearings. OSEP uses the reported discipline data for the following performance indicator: “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.”

Deer Valley did not include all instances in the exiting data submitted to ADE for the 1998-1999 school year.

- Exiting data. Deer Valley extracts the exiting data from a district-maintained student database. On its 1998-1999 school year report, Deer Valley reported 40 graduates and 24 dropped students. Our tests found that the database contained information on 47 graduates and 29 dropped students for the school year. The district had used reports generated from the database on June 8, 1999 to prepare the report. According to staff in the district’s Information Services and Technology Department, the student information was incomplete on that date because of delays in entering data into the student database. We also found that Deer Valley improperly used the student’s age at the end of the school year to determine whether the student should be included in the reported exiting data.

At Dysart, we did not test the accuracy of data reported to ADE because the school district had not retained supporting documentation for its reports and reconstructed documents provided for our review did not reconcile to its reports.

Reported Data Was Not Reviewed or the Reviews Were Inadequate

Neither ADE nor the three LEAs conducted reviews of the reported data or the reviews were inadequate. Standard Three — Editing of the *Standards for Evaluating the Quality of Program Performance Data* ensures that data are clean, that is, the data are correct, internally consistent and without mistakes. The Data Quality Checklist for this standard lists reviews for primary data providers and secondary data managers. The reviews include ensuring that:

- A person (who was familiar with the data, but was not the data preparer) had systematically reviewed the entered data.
- Managers have “eyeballed” the data to see if it is reasonable given what they know about earlier years and other respondents.
- Managers have discussed large changes or unusual findings with the primary data providers to see if the changes/findings might be due to editing errors.

LEAs Did Not Conduct Adequate Reviews of Reports Submitted to ADE. Staff at the school, service center or district level summarized the performance data from original data sources. In general, the reports prepared by district level staff were subjected to an independent review. However, the LEAs did not have staff, who were independent of the preparer, review the procedures and supporting data used to compile the data for the exiting, discipline and personnel reports. We also noted that, in general, reports prepared at the school or service center level were not subjected to any review prior to submission to district offices. The absence of adequate independent reviews at the LEAs increased the risk that ADE collected and reported inaccurate performance data.

ADE Did Not Review LEA Procedures and Supporting Documentation. ADE conducts monitoring reviews of LEAs on a six-year cycle. ADE reviews the accuracy of the census database information as part of its monitoring reviews. Also, independent auditors review the census database information during the annual single audits of ADE and LEAs. However, ADE does not review LEA procedures or supporting documentation for reported exiting, discipline and personnel data. Also, the procedures and reported data are not reviewed as part of annual single audits.

Title 34 Code of Federal Regulations §80.40 (a) states “...Grantees must monitor grant and subgrant activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.” Without reviews of LEA procedures and tests of supporting documentation, ADE has no assurance that exiting, discipline and personnel data reported to OSEP and used for its monitoring of LEAs’ achievement of performance goals is reliable.

Neither ADE nor the LEAs Had Documented Its Data Collection Processes

ADE and the LEAs did not have written procedures for collecting, reviewing and reporting performance data for the exiting, discipline and personnel indicators. Standard Six — Reporting of the *Standards for Evaluating the Quality of Program Performance Data* ensures that full disclosure is made. One example of meeting the standard is that data collection processes are documented. Without written procedures, there is little assurance that the LEAs are providing ADE with comparable and reliable data from year to year.

Recommendations

The Assistant Secretary for Special Education and Rehabilitative Services should:

- 1.1 Require ADE to develop written policies and procedures for collecting, reviewing and reporting performance data for exiting, discipline and personnel. The procedures should include reviews of LEA reports and periodic reviews of LEA procedures and supporting documentation.
- 1.2 Recommend to ADE that LEAs be required to maintain written documentation of their processes for collecting, reviewing and reporting data submitted to ADE for the exiting, discipline and personnel indicators. ADE should consider requiring that the LEA processes include that:
 - A person (who was familiar with the data, but was not the data preparer) systematically reviews the entered data, including the supporting documentation.
 - Managers with knowledge of the procedures used to collect the data “eyeball” the data to see if it is reasonable and that the managers evaluated significant changes or unusual findings.
- 1.3 Recommend to ADE that LEA officials certify the accuracy of the data submitted on their reports to ADE.

ADE’s Comments

In its comments to the draft report, ADE described the corrective action planned or taken. ADE stated that it has hired new data management staff and is refining its procedure manual. ADE also mentioned that it has issued a letter to all LEAs requiring written procedures and certification of reported data. In addition, ADE plans to make training available for the LEAs.

However, ADE did not consider the weaknesses in its management controls to be significant. ADE also stated that each LEA included in our review had verbally informed ADE that it disagreed with various statements in the finding. The LEAs did not respond to the ADE’s request for documentation to support their claims. In addition, ADE stated that it would have been helpful to have received a copy of the Department’s *Standards for Evaluating the Quality of Program Performance Data* prior to the audit so that the agency would have had an opportunity to review or implement the standards.

OIG's Response

Based on ADE's comments on the draft report, we revised Recommendation 1.2 to recommend that LEAs "maintain written documentation" of their processes rather than "certify" their processes.

Finding No. 2 – ADE Did Not Ensure That Data Submitted by LEAs on Hardcopy Reports Were Accurately Reflected in Its Databases

ADE did not accurately enter in its databases the data that LEAs provided on hardcopy reports. For intervention and placement, ADE extracts information from its census database to provide OSEP with data. ADE collects data for the census database using electronic files or hardcopy reports submitted by LEAs. Of the three school districts we reviewed, Tucson and Deer Valley submitted electronic files to ADE, while Dysart submitted hardcopy reports. During our limited assessment and testing of ADE's processing of the electronic files, nothing came to our attention that would cause us to doubt that the electronic data was properly recorded in the census database. However, we found that ADE's census database did not reflect all student withdrawal dates reported by Dysart. Also, ADE did not have procedures to ensure that exiting, discipline and personnel data provided by LEAs were accurately recorded in its ACCESS files.

ADE's Census Database Did Not Reflect All Student Withdrawal Dates. Dysart provided us with a copy of its report for December 1, 1998. The report contained the withdrawal dates for students who had either left the school district or no longer required special education services. Our comparison of Dysart's report to information contained in ADE's census database found that student withdrawal dates were not reflected in the database for at least 27 students. As a result, the 27 students were improperly included in ADE's performance data for intervention and placement. Also, the students were improperly included in ADE's reported child count that was used by OSEP to allocate IDEA funds to states. According to ADE's School Finance Department, the error was caused by Dysart not using the appropriate reporting form.

ADE Did Not Verify Its Data Entry Process for Exiting, Discipline and Personnel Data. ADE staff entered data provided by LEAs on hardcopy reports into separate ACCESS files for each of the three performance indicators. ADE used these databases to prepare its report to OSEP. ADE did not have procedures to ensure that the data was accurately entered. Our tests found that data had not been correctly entered in the database for one LEA. The personnel report submitted by Dysart showed 31.5 full-time equivalents for special education teachers, while ADE's database listed only 20 for the school district. Without verification of the data entry process, there is no assurance that ADE's data for its over 350 LEAs were entered correctly in its databases.

Recommendations

The Assistant Secretary for Special Education and Rehabilitative Services should require ADE to:

- 2.1 Implement procedures for verifying the accuracy of data entry for exiting, discipline and personnel data.
- 2.2 Return IDEA funds received based on improperly reported child counts.

ADE's Comments

ADE concurred with our finding and recommendations. ADE stated that it is implementing procedures to ensure greater accuracy and completeness of its data. Also, ADE stated that it is in the process of re-verifying the child count for December 1, 1998.

Finding No. 3 – ADE and LEAs Did Not Retain Supporting Documents for Reported Exiting, Discipline and Personnel Data

ADE and two LEAs did not retain all supporting documentation for the reported exiting, discipline and personnel data submitted to ADE for the 1998-1999 school year. Federal regulations require that programmatic documentation be retained for three years. 34 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.”

State-Level Supporting Documentation Not Retained. ADE could not provide us with the spreadsheet used to track receipt of LEA reports on exiting, discipline and personnel data. ADE used the spreadsheet to ensure that all LEAs provided reports for each of the three indicators. Since ADE was unable to locate the spreadsheet, we could not confirm that ADE followed its procedures and that all LEA-reported performance data were actually recorded in the databases.

LEA-Level Supporting Documentation Not Retained. Two of the three LEAs did not retain all supporting documentation for performance data reported to ADE.

At Tucson, we found the school district had not retained all supporting documentation for the reported exiting, discipline and personnel data.

- Exiting data. The school district had retained the reports received from each high school. However, one of the two high schools we tested had not retained the supporting documentation for its report.
- Discipline data. The two service centers that prepared the data had retained the logs of reported disciplinary actions. However, the service centers had not retained the documentation showing the names of the students selected from the logs who represented the counts reported to the district.

- Personnel data. The school district had not retained supporting documentation for the reported numbers.

For our review, Tucson staff provided reconstructed documents for the performance data listed above. In all cases, the documents did not reconcile to the reported data.

At Dysart, we found that the school district had not retained any supporting documentation for the exiting, discipline and personnel data reported to ADE. Dysart staff provided us with reconstructed documents for the personnel data. However, the documents did not reconcile to the reported data.

Without supporting documents showing student names, staff names or analyses of school records, ADE staff, auditors or others conducting reviews do not have the necessary records to evaluate the accuracy of LEA-reported performance data. Also, the LEAs would not have information needed to evaluate the reported data if significant variances occurred in the subsequent years' data. As a result, the LEAs' ability to identify reasons for the variances and take action to improve or build upon its performance could be impacted.

Recommendation

The Assistant Secretary for Special Education and Rehabilitative Services should require ADE to:

- 3.1 Retain all State-level supporting documentation and ensure that LEAs and their schools retain supporting documentation for reported exiting, discipline and personnel data for at least the retention period specified in 34 CFR §80.42 (b).

ADE's Comments

ADE concurred with our finding and recommendation. ADE stated that state-level supporting documentation is retained for the required amount of time, but the spreadsheet referred to in the finding was apparently lost during an office move. ADE also stated that the LEAs have been notified of the requirement to retain supporting documentation for the required period.

Finding No. 4 – LEAs' Reliance on Manual Processes and Varying Data Collection Methods Could Impact ADE's Ability to Provide Reliable Data

The three LEAs included in our review relied on manual processes to collect and report data for one or more of the performance indicators. The following table shows those indicators where the LEAs used manual processes:

Performance Indicator	Tucson	Deer Valley	Dysart
Intervention and Placement	Online Computerized System	Online Computerized System	Electronic Spreadsheet (b)
Exiting	Manual	Online Computerized System	Manual
Discipline	Manual	Manual	Manual
Personnel	(a)	Manual	Manual

- (a) Tucson did not maintain supporting records and current district staff could not provide an explanation of the process used to obtain reported data.
- (b) Dysart provided ADE with a hardcopy report that was generated from the electronic spreadsheet.

We also found that the manual processes used to collect and report exiting data varied among schools within an LEA and among LEAs. For example, the processes used by Tucson varied among its high schools and differed from the process used at Dysart.

- At Tucson, the ten high schools individually compiled the exiting data submitted to the district office. The two high schools that we reviewed used different methods for compiling data. Staff at one high school manually recorded exiting information taken from the district’s computerized database on an electronic spreadsheet. The other high school reconstructed the supporting data for its report by using a graduation list and “Addition and Deletion” forms contained in individual student files.
- At Dysart, a district clerk maintained an electronic spreadsheet containing information on the district’s population of children with disabilities. Staff determined the exit category based on the dates and student grade level on the spreadsheet and personal recollections of the students.

The use of manual processes and varying collection methods increases the risk that reported data may not be accurate. ADE officials advised us of plans to implement an on-line statewide system for maintaining information on children with disabilities who are receiving special education services. The Arizona State legislature has not yet authorized implementation of the system due to information privacy concerns. An on-line system could eliminate or reduce reliance on manual processes and inconsistencies that may occur as a result of varying collection methods.

Recommendation

The Assistant Secretary for Special Education and Rehabilitative Services should:

- 4.1 Encourage ADE's efforts to implement an on-line statewide system for maintaining information on children with disabilities and ensure that the system, when developed, provides data that can be readily summarized for use in reporting performance data.

ADE's Comments

ADE concurred with our finding and recommendation. ADE stated that it is interested in developing an on-line statewide system that collects, stores and summarizes student data, and is also capable of tracking the movement of individual students between schools.

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 (FY) 1999, Federal agencies must prepare annual performance plans and report on program performance.

The Department published its *Strategic Plan 1998-2002* in September 1997. The Department's *1999 Performance Report and 2001 Annual Plan* was 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.

ADE is responsible for administering the IDEA, Part B — Special Education Program in the State of Arizona. The State of Arizona has about 350 LEAs and charter schools and received \$66 million of IDEA, Part B funds for the 1999-2000 award year. ADE reported to OSEP that, on December 1, 1998, the State had a total of 88,598 children who were receiving special education services.

Purpose, Scope and Methodology

The purpose of the audit was to: (1) identify the process used by ADE to accumulate and report IDEA, Part B performance data to OSEP, (2) determine whether ADE management controls ensured that the performance data was reliable and (3) identify barriers or obstacles that may impact ADE's ability to provide quality performance data. Our review covered the State-reported 1998-99 school year 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 ADE's procedures to ensure that LEA-reported data was accurately recorded in its electronic databases and that the data reported to OSEP was supported by the information contained in ADE's databases. As of December 1, 1998, the State of Arizona had 353 LEAs, of which 34 LEAs were unified school districts that reported 300 or more children for the IDEA, Part B program. We focused our review on unified school districts since these LEAs included schools covering preschools and grades K through 12. For three of the 34 LEAs, we reviewed the LEAs' procedures and interviewed LEA staff responsible for collecting and reporting performance data to ADE. To ensure that we evaluated procedures at LEAs with varying populations of children with disabilities, we grouped the 34 LEAs based on their reported child counts and randomly selected an LEA from each group.

<u>Number of LEAS</u>	<u>Reported Child Count</u>	<u>Selected LEA</u>
2	Over 5,000	Tucson Unified School District
10	Between 1,000 and 5,000	Deer Valley Unified School District
22	Between 300 and 999	Dysart Unified School District

In addition, we reviewed the audit working papers for ADE's single audit for fiscal year ended June 30, 1998 and the single audit reports for each selected LEA for the same period.

Intervention and placement. To achieve our audit objectives for these two performance indicators, we extensively relied on computer-processed data extracted from ADE's census database for December 1, 1998. Our assessment of the reliability of the database was limited to (1) gaining an understanding of the procedures used by ADE and the three LEAs to collect, process and review the data, (2) testing ADE's entry of data provided by the three LEAs and (3) confirming that data provided by the three LEAs was supported by information contained in school and student records.

To test ADE's processing of reports submitted by Tucson and Deer Valley on electronic files, we randomly selected students from the LEAs' databases to confirm that student information was accurately reflected on the December 1, 1998 extract from the census database. The following table shows the total records for each LEA and the number of student records that were reviewed.

LEA	Records on LEA's Database (a)	Number of Students For Whom Information Was Reviewed
Tucson	10,672	50
Deer Valley	3,953	26

(a) Databases contained multiple records for individual students.

Dysart submitted the information to ADE on hardcopy reports. To test ADE's processing of the hardcopy reports, we confirmed that reported information for listed students was accurately reflected on the December 1, 1998 extract.

To test the data provided by the three selected LEAs, we randomly selected students for each LEA from ADE's database. The following table shows the total students reported by each LEA and the number of students reviewed:

LEA	Total Students Reported	Number of Students For Whom Information Was Reviewed
Tucson	6,749	50
Deer Valley	2,614	20
Dysart	531	20

Other than the error mentioned on page 8 regarding student withdrawal dates, nothing came to our attention as a result of our limited assessment and tests that caused us to doubt the acceptability of the data or the adequacy of ADE and LEA procedures for assuring the accuracy of the data for intervention and placement information submitted to OSEP for the 1998-1999 school year.

Exiting, Discipline and Personnel. To achieve our audit objectives for these three performance indicators, we (1) gained an understanding of the procedures used by ADE and the three LEAs to collect, process and review the data, (2) confirmed that data reported to OSEP was supported by information contained on ADE's individual ACCESS files, (3) tested ADE's entry of data provided by the three LEAs into the ACCESS files and (4) confirmed that data provided by the three LEAs was supported by information contained in school and student records. The following table shows the total students/personnel reported by each LEA and the number of student/personnel files reviewed:

LEA	Exiting		Discipline		Personnel	
	Total Students Reported	Student Files Reviewed	Total Students Reported	Student Files Reviewed	Total Personnel Reported	Personnel Files Reviewed
Tucson	493	10	140	30	940	40
Deer Valley	147	10	10	13 (a)	313	10
Dysart	28	5	0	(b)	89	5

(a) Reviewed all students listed for the 1998-1999 school year on Deer Valley's database for tracking discipline hearings.

(b) Dysart did not provide the district's discipline records for our review. Therefore, we were unable to confirm the accuracy of the reported number.

From our assessment and tests, we concluded that we could not rely on the management controls of ADE and LEAs to ensure the reliability of the performance data reported to OSEP for exiting, discipline and personnel. The Audit Results section of the report provides details on our findings.

We performed our fieldwork at ADE in Phoenix, Arizona and at Tucson, Deer Valley and Dysart district and school offices. Fieldwork was conducted from October to November 1999 and in January 2000. 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 ADE's process for collecting and reporting performance data for the IDEA, Part B program as required by GPRA. Our assessment was performed to determine the level of control risk for determining the nature, extent and timing of our substantive tests to accomplish the audit objectives.

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

- Guidance and technical assistance,
- Collection of data from LEAs,
- Data compilation and report preparation and
- Monitoring 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 ADE's ability to report accurate performance data for GPRA. These weaknesses included failure to report all instances for the performance indicators, lack of reviews or inadequate reviews of reported data, lack of documentation on data collection processes, data submitted by LEAs on hardcopy reports not accurately reflected in ADE databases and failure to retain supporting documentation.

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. (See below NOTE)	SEAs 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.	SEAs report number of children with disabilities 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, 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. (See below NOTE)	SEAs 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.	SEAs report the number of students suspended or expelled, unilateral removed or removed based on 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.	SEAs 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.	SEAs report the number and type of teachers and other personnel to provide special education and related services for children ages 3-21. SEAs must report the number of staff: <ul style="list-style-type: none"> ▪ fully certified and ▪ not fully certified

NOTE: At the time we initiated the audit, the performance indicators 1.1 inclusive settings for preschool children and 3.1 regular education settings for school age children were combined as one placement indicator.

ADE's Comments to the Report



State of Arizona
Department of Education

Lisa Graham Keegan
Superintendent of
Public Instruction

August 22, 2000

Ms. Gloria Pilotti
Regional Inspector General for Audit
United States Department of Education
Office of Inspector General
801 I Street, Room 219
Sacramento, CA 95814

Re: ED-OIG/A09-A0001

Dear Ms. Pilotti:

As previously conveyed to you in a letter dated May 17, 2000, we acknowledge our general supervisory responsibilities under the Individuals with Disabilities Education Act Amendments of 1997 which includes ensuring compliance with the performance data requirements.

We also acknowledge that the management controls covering performance data for exiting, discipline and personnel need to be improved; however, I would not go the extent of describing us as having "significant" weaknesses in that area. It appears that you are basing your findings and recommendations on the U.S. Department of Education's 1999 "draft" publication, Standards for Evaluating the Quality of Program Performance Data. As I also indicated to you in my letter it would have been extremely helpful to have had this document prior to being audited. Frankly, it does not seem reasonable to be audited on standards we have not had an opportunity to review or much less implement. The auditors did not provide this document to us until after the audit was completed.

When responding to the Findings Point Sheets each local education agency (LEA) indicated verbally that they were in disagreement with various findings. Each LEA indicated that, to some extent, they did have written procedures regarding the collection, storage and review of data. One LEA also stated that the findings did not reference training that they had conducted relative to their written procedures. Each LEA also indicated that the findings did not accurately reflect the data that was made available to the auditors but was not reviewed. According to two of the districts there was not an accurate description of the type of system in place (i.e. manual, vs. computerized) to collect, store or summarize the data.

After receiving the draft audit report we notified the Special Education Director in each LEA and requested data to support their statements. Thus far, we have not received any documentation from them to support their claims. Needless to say, we don't have the capability to replicate the audit activities in the selected LEAs to confirm or refute the accuracy of the findings.

With some disinclination, we will concur with the findings and recommendations with the following remarks:

- Recommendation 1.1 We have hired a new Data Management Specialist and an Administrative Assistant for the Specialist. We also are refining our Desk Manual with appropriate procedures on an ongoing basis.
- Recommendation 1.2 We would like to remove the word "certify" and replace it with "maintain written documentation of" in the first sentence and in the second sentence delete the word "certification" and replace it with "written documentation". We have already sent out to all LEAs a letter requiring them to have written procedures in place, which includes the items specified under 1.2. The ADE will provide training opportunities for the LEAs prior to the next data collection. (SEE OIG NOTE)
- Recommendation 1.3 In the above-mentioned letter we also stated that an LEA official must certify with their signature that the submitted data is accurate and complete.
- Recommendation 2.1 Our new Data Management Specialist and her Administrative Assistant are currently implementing procedures to ensure greater accuracy and completeness of our data.
- Recommendation 2.2 The students who were identified as being improperly reported on the 12/1/98 child count are being removed from the census. We are in the process of re-verifying the 12/1/98 child count.

Under Findings 3 on page 9 it is stated that "ADE could not provide us with the spreadsheet used to track receipt of LEA reports on exiting, discipline and personnel data". This spreadsheet apparently was lost in a move; however, both Stan Karpinski and Nora Kam viewed the spreadsheet being used. Efforts are still being made to locate it.

- Recommendation 3.1 All State level supporting documentation is retained for the required amount of time. In the previously mentioned letter we also notified every LEA of the requirement to retain the supporting documentation for at least the required retention period.
- Recommendation 4.1 We agree that it is critical to have an on-line statewide system that not only collects, stores and summarizes student detailed data, but one that has the capability to track the movement of individual students from one school to another. This would certainly enhance our ability to collect complete accurate and reliable data. We are in the process of working with our Management Information System (MIS) Division to make this a reality.

If you have any questions please do not hesitate to contact me at (602) 364-4018.

Sincerely,



Steven N. Mishlove
Director of Administrative Services
Exceptional Student Services

OIG NOTE: The report wording was modified to recommend "maintenance of written documentation" rather than "certification".

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