



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

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October 27, 2005

Control Number  
ED-OIG/A09F0013

Jack T. O'Connell  
State Superintendent of Public Instruction  
California Department of Education  
1430 N Street  
Sacramento, CA 95814

Dear Superintendent O'Connell:

This **Final Audit Report**, entitled *Professional Tutors of America and Los Angeles Unified School District's Compliance With Supplemental Educational Services Provisions*, presents the results of our audit. The purpose of the audit was to determine whether, for school years 2003-2004 and 2004-2005, (1) Los Angeles Unified School District (LAUSD) contracts with Professional Tutors of America (PTA) for providing supplemental educational services (SES) contained the elements specified in the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001 and applicable Federal regulations; (2) PTA performed the services for which it received payment under the contracts and the services were provided in a manner consistent with the contract terms and Federal requirements; and (3) PTA collects and maintains the data that will be used by the California Department of Education (CDE) to evaluate the quality and effectiveness of the services offered by the provider.

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## BACKGROUND

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Title I, Part A of the ESEA requires local educational agencies (LEAs) to offer SES to students from low-income families when the students attend a Title I school that is in the second year of school improvement or identified for corrective action or restructuring.<sup>1</sup> SES consist of tutoring, remediation, and other educational interventions that are designed to increase the academic achievement of students and are in addition to instruction provided during the school day. State-approved SES providers, which were selected by the individual student's parent or guardian, provide the services to eligible students under agreements with LEAs. SES providers

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<sup>1</sup> Under the No Child Left Behind Act of 2001, Title I schools that fail to make adequate yearly progress (AYP) for two consecutive years are identified for school improvement. Title I schools are identified for corrective action if they do not make AYP for four years, while Title I schools not making AYP for five years are identified for restructuring. The "low-income family" determination is usually based on the student's eligibility for free or reduced price lunch under the National School Lunch Program.

must align their instructional programs with state academic content standards and tailor their services to the academic needs of individual students. CDE is the state educational agency responsible for administering the ESEA, Title I, Part A program, approving SES providers, and monitoring the quality and effectiveness of services offered by the approved providers.

PTA is a for-profit organization based in Brea, California that provides SES to students in the California school districts. PTA, which was initially approved as an SES provider in California for school year 2002-2003, provides one-on-one instruction in reading, language arts, and mathematics to students in their homes. The tutoring services are provided after school or on weekends. PTA served 536 LAUSD students in school year 2003-2004 and 1,172 LAUSD students in school year 2004-2005.

In school year 2003-2004, LAUSD offered SES to eligible students in 104 schools that were identified for school improvement. The LAUSD's SES Program Specialist stated that the District allocated about \$25 million of Title I funds for SES and reported that 18,558 students signed up for services from 26 SES providers. In school year 2004-2005, LAUSD offered SES to eligible students in 111 schools. LAUSD allocated about \$44 million of Title I funds for SES and reported that 28,318 students signed up for services from 24 SES providers.

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## AUDIT RESULTS

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LAUSD used a district-developed standard form to contract with SES providers. The standard contract incorporated individual student plans containing a statement of specific achievement goals for the students, how the student's progress will be measured, and a timetable for improving achievement. The contract also incorporated an individual service agreement that described how the specific provider would fulfill the services. We found that, taken together, the standard contracts, individual student plans, and individual service agreements with PTA for school years 2003-2004 and 2004-2005 contained the elements required by the applicable ESEA provisions and Federal regulations. Based on our review of selected invoices, we concluded that PTA provided SES to LAUSD students for which PTA received payment under the contracts. We also concluded that PTA provided SES in a manner consistent with contract terms and Federal requirements, except that 1) PTA did not provide student progress reports to schools within the timeframe specified by LAUSD and 2) PTA did not ensure that tutors had required clearances before providing services to students.

The California State Board of Education adopted regulations in January 2005 that require SES providers to submit annual end-of-fiscal-year reports to CDE. The first report is due on October 1, 2006 and will cover services provided in school year 2005-2006. The State regulations list the information to be provided, including beginning and ending scores on national, state, district, or other assessments in English-language arts and/or mathematics for the individual students served. Failure to contribute to the academic proficiency for two consecutive years for a majority of students served, as demonstrated by the assessment scores, is one reason CDE may remove a provider from the list of approved providers. We concluded that PTA

currently maintains the type of data that will be needed for future annual end-of-fiscal-year reports.

CDE did not explicitly express concurrence with our findings in its comments to the draft report, but it did describe the corrective actions taken or planned to address each of our recommendations. CDE's comments are summarized at the end of each finding and the full text of the comments is included as an attachment to the report.

### **FINDING NO. 1 – PTA Did Not Provide Student Progress Reports to Schools Within the Timeframe Specified by LAUSD**

PTA tutors prepared student progress reports timely, but did not provide the progress reports to the student's school within the timeframe specified by LAUSD. Section 1116(e)(3) of the ESEA lists the elements an LEA must include in agreements with SES providers. One required element is a description of how parents and teachers will be regularly informed of a student's progress. To satisfy this requirement, LAUSD's standard contract required providers to give parents, student's home school, and LAUSD written progress reports for each student. To further define and implement the requirement, LAUSD included a section on its *Supplemental Educational Services Attendance/Progress Report* form for the tutor to record student progress and stated on the form that "[a] copy of this report must be submitted to the parent and the school after every 15 hours of service."<sup>2</sup>

From our review of 17 student files, we concluded that PTA's tutors completed student progress reports about midway through the scheduled tutoring period (i.e., after about 15 hours of tutoring lessons) and that tutors discussed student progress with parents. Since the date of the initial session and frequency of sessions varied by student, the progress reports were completed at various times of the year. PTA's Chief Financial Officer (CFO) stated that it was not feasible to send the reports individually to each student's school as tutors completed the reports. Instead, PTA sent student progress reports to schools after completion of all tutoring sessions for the school year 2003-2004.<sup>3</sup> For school year 2004-2005, PTA planned to send copies of the progress reports to schools around mid-July, after completion of the student tutoring sessions for the contract period. Because progress reports were not sent until after the school year, teachers did not have an opportunity to review the student progress and offer input to the tutoring process during the year.

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<sup>2</sup> The *Supplemental Educational Services Attendance/Progress Report* is a district-developed form that SES providers are required to complete and maintain in support of monthly billings. The completed forms show the days and hours of instruction provided to the student.

<sup>3</sup> We were unable to confirm that the reports had, in fact, been sent to the schools since PTA could not provide evidence of the distribution and District staff could not corroborate PTA's statement.

## **Recommendation**

- 1.1 We recommend that the Assistant Secretary for Elementary and Secondary Education, in conjunction with the Assistant Deputy Secretary for Innovation and Improvement, require CDE to take action to ensure that PTA provides student progress reports in a manner that is consistent with the terms of its agreements with LAUSD.

## **CDE Comments**

In its comments on the draft report, CDE stated that it will reiterate in a letter to PTA that the SES provider's responsibility is to timely submit student progress reports to the school districts in a matter consistent with agreement terms, and that failure to comply may result in the termination of the agreement between the district and the provider. In addition, CDE will provide regional technical assistance at workshops that will address all aspects of providing SES, including the required elements in a provider/district agreement. CDE also stated that PTA has implemented a process of providing schools with progress reports after 15 hours of service. CDE stated that LAUSD reviewed the policies and procedures concerning this issue at its SES Provider Meeting on August 2, 2005 and LAUSD will again remind providers of the policies and procedures at the next SES Provider Meeting in October/November 2005.

## **FINDING NO. 2 – PTA's Tutors Did Not Have Required Clearances Before Providing Services to Students**

PTA did not always ensure that tutors obtained California Department of Justice (CDOJ) clearances before providing services to LAUSD students. LAUSD's standard contracts required that SES providers comply with the requirements of California Education Code § § 44237, 35021.1, and 35021.2, which include the requirement to obtain CDOJ clearances. The contracts also specify that providers must request the subsequent arrest service offered by CDOJ and required by California Penal Code § 11105.2.

PTA used an electronic database to maintain its list of individuals who were approved to provide tutoring services under PTA contracts. The database, which contained records for about 7,000 tutors, included a field to denote whether PTA had a CDOJ clearance on file for the individual. PTA's CFO estimated that about 300 of the individuals were active tutors for LAUSD students.

From our review of clearance documentation for the 42 tutors who provided services to the 53 sampled students, we identified two tutors that did not have CDOJ clearances at the time of our review. The tutors had actually applied for CDOJ clearances in September 2004 and September 2003, but CDOJ had rejected the applications because of address errors on the application form and PTA did not take further action to obtain the clearances. The CFO stated that one tutor was allowed to tutor students without first obtaining a CDOJ clearance because the individual was a credentialed teacher working in the district who had previously obtained a clearance through the district. The other tutor was not a credentialed teacher. After advising

PTA of our findings, it took appropriate action to obtain the required clearances for the two tutors.

Without the clearances, PTA could unknowingly have individuals with inappropriate backgrounds providing tutoring services at students' homes. Also, PTA would not be notified if an individual was subsequently arrested, because the subsequent arrest service offered by CDOJ is effective only for individuals who have received a clearance and identified PTA as the applicant agency on a processed clearance application.

### **Recommendation**

- 2.1 We recommend that the Assistant Secretary for Elementary and Secondary Education, in conjunction with the Assistant Deputy Secretary for Innovation and Improvement, require CDE to obtain an assurance from PTA that, in the future, it will adhere to its policy and procedures for obtaining required CDOJ clearances for tutors prior to the tutors providing SES to students.

### **CDE Comments**

In its comments on the draft report, CDE noted that the California SES provider application includes an assurance page with numerous assurances, each of which must be checked and signed by the applicant. One assurance addresses seeking appropriate clearance for the staff providing direct services to students. CDE will include in its letter to PTA a reminder that PTA signed the assurance as part of its application. CDE will also inform PTA that another incident related to lack of appropriate clearance for staff providing direct services to students might jeopardize its status as an approved SES provider. In addition, CDE stated that PTA implemented a new code to mark a tutor as having a proper CDOJ clearance and that PTA has assured CDE that its employees are fully aware that a tutor must have full CDOJ clearance before they can be assigned to provide SES to students. CDE stated that policies and procedures on clearances were covered at LAUSD's SES Provider Meeting on August 2, 2005 and LAUSD will again remind providers of the policies and procedures at the SES Provider Meeting in October/November 2005.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The objectives of the audit were to determine whether (1) LAUSD's contracts with PTA for providing SES contained the elements specified in the ESEA § 1116(e)(3) and applicable Federal regulations; (2) PTA performed the services for which it received payment under the contracts and that the services were provided in a manner consistent with the contract terms and Federal requirements; and (3) PTA collects and maintains the data that will be used by the CDE to evaluate the quality and effectiveness of the provided services. Our audit covered school years 2003-2004 and 2004-2005.

To achieve our objectives, we gained an understanding of the ESEA sections, Federal regulations, U.S. Department of Education guidance, and California regulations covering SES. We reviewed written LAUSD and PTA policies and procedures applicable to the administration of SES and interviewed LAUSD and PTA personnel who were involved in SES-related activities. For LAUSD, we gained an understanding of the following activities: determining student eligibility, recruiting and enrolling students, contracting with providers, participating in the development of student plans, reviewing student plans submitted by providers, reviewing provider billings, and monitoring providers. For PTA, we gained an understanding of tutor recruiting and hiring (including procedures for obtaining CDOJ clearance), contracting with LAUSD, managing tutors, monitoring tutors' work performance, billing for tutor services, developing and maintaining student files (including student plans) and maintaining student assessment data. We also gained an understanding of PTA's Goldmine database used to store student and tutor data.

To determine whether PTA performed the services for which it received payment under the contracts and whether the services were provided in a manner consistent with the contract terms and Federal requirements, we relied on electronic attendance reports (Excel worksheets) that was generated by LAUSD from its Student Information System database and provided to PTA for recording the hours of tutoring provided each month to individual students. To assess the reliability of the hours reported, we verified the reported hours for the months of February 2004 and March 2005 using information contained in other PTA records. Based on our understanding of the report and our tests, we concluded that the data was sufficiently reliable to be used in meeting the audit objectives. To confirm that PTA maintained data that can be used by CDE to evaluate the quality and effectiveness of the services provided by PTA, we reviewed PTA's student assessment data report (Excel worksheet) that was submitted to LAUSD for school year 2003-2004. Our review was limited to confirming that PTA maintained the data in an electronic format that could be provided to CDE, when requested, and we did not perform tests of the reliability of the data contained in the report.

We reviewed LAUSD's contracts with PTA for school years 2003-2004 and 2004-2005 and compared the contracts' terms to the elements specified in the ESEA § 1116(e)(3). To assess whether PTA performed the services for which it received the payment, we reviewed supporting documentation for two PTA invoices. LAUSD's invoice log showed that ten invoices, totaling \$575,800, were received from PTA for school year 2003-2004 and seven invoices, totaling

\$863,236, were received for school year 2004-2005 (as of April 2005). We judgmentally selected the billing period for each school year that had the largest dollar amount charged for the period – February 2004 and March 2005 (invoices for these periods totaled \$94,120 and \$207,690, respectively).

From PTA’s electronic attendance reports, we identified a total of 960 students who were included in the two invoices. We reviewed supporting documentation for a sample of 53 students.

Invoice Month	Number of Students Billed on the Invoice	Randomly Selected Students	Additional Students Selected	Total Student Sample
February 2004	394	9	10 (a)	19
March 2005	566	30	4 (b)	34
Total	960	39	14	53

(a) The 10 additional students were judgmentally selected from the 394 students because the students had the same last name and address as another student who received services during the same billing period. PTA does not allow group tutoring (i.e., charging four hours when tutoring two children at the same time during a two-hour session).

(b) The four students included in the March 2005 invoice who had received services in February 2005 (late billing).

For each sampled student, we reviewed student attendance data, tutor, and parent signatures on PTA’s “Tutoring Signature Sheet,” and confirmed that the students were identified by LAUSD as eligible for SES. For each selected billing period, we also reviewed the invoice submitted to PTA by the highest paid tutor to assess the reasonableness of the hours charged and compared the tutoring hours to student attendance reports and detailed documentation that PTA provided with invoices submitted to LAUSD for payment.

To determine whether PTA’s services were provided in a manner consistent with the contract terms and Federal requirements, we reviewed the provider application packages (2003 and 2004) that PTA submitted to CDE and documentation related to the reporting of student progress and alignment of services to LEA and State instruction and content standards.<sup>4</sup> We also reviewed PTA’s student files for 17 students (6 students were randomly selected from the 536 LAUSD students who received SES in school year 2003-2004 and 11 students were randomly selected from the 1,172 students who received SES in school year 2004-2005). To determine whether tutors had received appropriate CDOJ clearances, we reviewed CDOJ documentation for 42 tutors who provided tutoring services to the 53 sampled students for the February 2004 and March 2005 invoices.

We performed our fieldwork at PTA’s corporate office in Brea, California, and the administrative offices of LAUSD in Los Angeles, California. An exit conference was held with an official from PTA on August 12, 2005. An exit conference was held with CDE officials on

<sup>4</sup> The ESEA § 1116(e)(5)(B) states that a provider must ensure that instruction provided and content used by the provider are consistent with the instruction provided and content used by the LEA and State, and are aligned with State student academic achievement standards. Our review was limited to confirming that PTA had credible documentation showing that instructional materials content was aligned with State standards.

August 10, 2005. We performed our audit in accordance with generally accepted government auditing standards appropriate to the scope of our audit objectives.

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## ADMINISTRATIVE MATTERS

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Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective actions to be taken will be made by the appropriate Department officials.

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 officials who will consider them before taking final Departmental action on this audit.

Dr. Henry L. Johnson  
Assistant Secretary  
Office of Elementary and Secondary Education  
U.S. Department of Education  
FB6, Room 3W315  
400 Maryland Avenue, SW  
Washington, DC 20202

Nina Rees  
Assistant Deputy Secretary  
Office of Innovation and Improvement  
U.S. Department of Education  
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It is the policy of the U.S. Department of Education 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 by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions under the Act.

Sincerely,

/s/  
Gloria Pilotti  
Regional Inspector General for Audit



**ATTACHMENT**

**CDE Comments on the Draft Report**



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

1430 N STREET  
SACRAMENTO, CA  
95814-5901

**JACK O'CONNELL**

State Superintendent of  
Public Instruction

PHONE: (916) 319-0800

October 11, 2005

Gloria Pilotti, Regional Inspector General for Audit  
United States Department of Education  
Office of Inspector General  
501 I Street, Suite 9-200  
Sacramento, CA 95814

Dear Ms. Pilotti:

This is the California Department of Education's (CDE) response to the United States Department of Education (ED) Office of Inspector General's (OIG) draft audit report entitled, "*Professional Tutors of America and Los Angeles Unified School District's Compliance With Supplemental Educational Services Provisions.*" This response incorporates information from the CDE, Los Angeles Unified School District (LAUSD), and Professional Tutors of America (PTA). State Superintendent of Public Instruction Jack O'Connell has asked me to respond on his behalf.

**Finding No. 1 – PTA Did Not Provide Student Progress Reports to Schools Within the Timeframe Specified by LAUSD**

**Recommendation 1.1:**

Ensure that PTA provides student progress reports in a manner that is consistent with the terms of its agreements with LAUSD.

**Corrective Action Plan:**

CDE will send a letter to PTA reiterating that as an approved supplemental educational services (SES) provider its responsibility per the SES Non-Regulatory Guidance and the California Code of Regulations, Title V, is to timely submit student progress reports to the school districts in a manner consistent with agreement terms; failure to comply may result in the termination of the agreement between the district and the provider. Furthermore, the CDE will provide regional technical assistance via workshops that will address all aspects of providing SES (including the required elements in a provider/district agreement).

Beginning with the 2005-06 school year, PTA's corporate office implemented a process of providing the appropriate school with copies of the Progress Report after 15 hours of service.

Additionally, at the LAUSD SES Provider Meeting on August 2, 2005, LAUSD reviewed all policies and procedures concerning this issue. All providers will be reminded again of policies and procedures at the next LAUSD SES Provider Meeting in October/November 2005.

**Recommendation 2.1:**

Obtain an assurance from PTA that, in the future, it will adhere to its policy and procedures for obtaining required California Department of Justice (CDOJ) clearance for tutors prior to the tutors providing SES to students.

**Corrective Action Plan:**

The California SES provider application includes an assurance page with numerous assurances, each of which must be checked and signed by the applicant. One of the assurance items deals with seeking appropriate clearance for the staff providing direct services to students. In its applications, PTA signed off on the assurance page. Thus, the CDE will include in its letter to PTA a reminder that it signed the assurance as part of its application. The CDE will also indicate to PTA that another incident related to lack of appropriate clearance for staff providing direct services to students might jeopardize its status as an approved state SES provider per the California Code of Regulations, Title V, governing implementation.

PTA implemented a new code to mark a tutor as having proper CDOJ clearance. PTA assures their employees are fully aware that a tutor must have full CDOJ clearance before they can be assigned any LAUSD students (or any students through SES contracts with other local districts).

Additionally, at the LAUSD SES Provider Meeting on August 2, 2005, LAUSD reviewed all policies and procedures concerning this issue. All providers will be reminded again of policies and procedures at the next LAUSD SES Provider Meeting in October/November 2005.

Gloria Pilotti, Regional Inspector General for Audit

October 11, 2005

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If you have any questions regarding CDE's response, please contact Kim Sakata, Audit Response Coordinator, Audits and Investigations Division, at (916) 323-2560 or by email at [ksakata@cde.ca.gov](mailto:ksakata@cde.ca.gov).

Sincerely,

/s/

GAVIN PAYNE

Chief Deputy Superintendent of Public Instruction

GP:ks