



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

FEB 15 2002

MEMORANDUM

**TO:** Susan B. Neuman  
Assistant Secretary  
Office of Elementary and Secondary Education  
[REDACTED]

**FROM:** Thomas A. Carter

**SUBJECT:** FINAL AUDIT REPORT  
*California Department of Education Needs to Report Reliable and Valid Data on Title I Schools Identified for Improvement*  
Control No. ED-OIG/A09-B0019

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) 930-2399.

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

Attachment

cc: Joseph Johnson, Director, Compensatory Education Programs, OESE  
Delores Warner, Audit Liaison Officer, OESE



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

FEB 15 2002

Control Number  
ED-OIG/A09-B0019

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

Dear Superintendent Eastin:

This **Final Audit Report**, entitled *California Department of Education Needs to Report Reliable and Valid Data on Title I Schools Identified for Improvement*, presents the results for one segment of our audit of the California Department of Education (CDE). The purpose of the audit is to determine whether CDE's management controls ensure that performance data for identifying Title I schools for improvement are reliable, valid, and timely. This report covers our review of CDE's procedures used to prepare its school year 1999-2000 report to the U.S. Department of Education (ED) on the number of Title I schools identified for improvement. We expanded the scope of our audit to school years 1996-1997 through 1998-1999 to analyze CDE's reported data. We found that CDE did not report reliable and valid data to ED.

## AUDIT RESULTS

CDE had a system in place to identify and notify local educational agencies (LEAs) of schools identified for improvement, but it reported school numbers to ED that were significantly lower than those identified from this system.

ED's Office of Elementary and Secondary Education (OESE) requires States to annually report the number of Title I schools identified for improvement.<sup>1</sup> For school years 1999-2000 and 2000-2001, OESE instructed States to report the data in their *Consolidated State Performance*

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<sup>1</sup> In California, Title I schools identified for improvement are called Program Improvement Schools.

*Report.*<sup>2</sup> On Table C-1 of the performance report, States provide the number of Title I schools identified for improvement by targeted assistance schools and schoolwide programs. To identify the Title I schools for improvement, CDE uses its Program Improvement Database, which tracks whether Title I schools do or do not make adequate yearly progress.

For the last four years, CDE reported school numbers that only represented from 14 to 60 percent of the number of schools identified for improvement in the Program Improvement Database, as shown in the following table.

<b>Number of Title I Schools Identified for School or LEA Improvement</b>				
	<b>School Years</b>			
				<b>1999-2000</b>
<b>Reported to OESE</b>				
Targeted assistance schools (TAS)	139	350	65	451
Schoolwide programs (SWP)	191	137	145	314
<b>Total</b>	<b>330</b>	<b>487</b>	<b>210</b>	<b>765</b>
<b>Identified from CDE's Program Improvement Database</b>				
Total <sup>a</sup>	<b>782</b>	<b>1,298</b>	<b>1,510</b>	<b>1,281</b>
				<b>60 percent</b>
<sup>a</sup> Total includes newly identified schools and previously identified schools that continued to be in improvement in the reported school year. The Program Improvement Database does not distinguish between TAS and SWP.				

Our review of CDE's *Consolidated State Performance Report* for school year 1999-2000 found that CDE did not have sufficient management controls to ensure that the reported data were reliable and valid. In particular, CDE did not fully meet ED's data quality standards<sup>3</sup> related to accurate description, reporting, and editing because—

<sup>2</sup> States are required to submit a *Consolidated State Performance Report* to report performance data for State formula grant programs authorized by the Elementary and Secondary Education Act (ESEA), including the Title I, Part A – Improving Basic Programs Operated by Local Educational Agencies Program.

<sup>3</sup> In March 2000, ED published *Data Quality Standards* to assist its internal managers as they collect, analyze, and report data about Federal programs, including Title I, Part A. We used these standards to evaluate CDE's management controls over data quality. The OIG has suggested that ED distribute the standards to States to help ensure that they provide reliable, valid, and timely performance data to ED for such programs as Title I (OIG Information Memorandum – State and Local No. 01-01, dated August 3, 2001, titled *State-Reported Data Used in Measuring Performance of Education Programs*). While ED has not distributed the standards to States, the *Data Quality Standards* are accessible on ED's Website. We describe the standards in more detail in this section and the BACKGROUND section of this report.

- CDE did not report schools that were previously identified for improvement. CDE limited the number of schools reported in Table C-1 of the *Consolidated State Performance Report* to the schools that were newly identified for improvement for the school year covered by the report. This occurred because CDE's staff responsible for identifying schools for improvement and staff responsible for preparing the Federal report both misinterpreted the reporting forms and instructions. States should report the total number of schools that are in improvement status for the school year covered by the report, which would include both previously and newly identified schools. ED's *Data Quality Standards*, Standard Two (Accurate Description) states that definitions and counts should be correct and mentions data providers using different definitions as an example of failing this standard.
- CDE did not document its data collection process or retain supporting documentation. CDE did not have written procedures for reporting the number of schools identified for improvement in Table C-1. Also, CDE could not provide documentation of its development of the reported data. According to Standard Six (Reporting) of ED's *Data Quality Standards*, full disclosure can be met, in part, by documenting data collection processes. In addition, Federal regulations require that programmatic documentation be retained for three years. Pursuant to 34 CFR § 80.42(b) (2000), "records must be retained for three years from the starting date specified in paragraph (c) of this section." Paragraph (c) states "the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period." Without written procedures or record retention, there is little assurance that CDE provides OESE with comparable and reliable data from year to year.
- CDE did not review the reported data for reliability. Neither supervisory nor other staff reviewed the data on Table C-1 before CDE submitted its *Consolidated State Performance Report* for school year 1999-2000. Also, CDE staff did not compare the data with prior years' reports or against independent sources to determine whether the reported data appeared reasonable or to identify possible anomalies. According to Standard Three (Editing) of ED's *Data Quality Standards*, data should be clean which ED defines as the data being correct, internally consistent, and without mistakes. Checks to ensure this standard is met include: (1) a systematic review of the data by a person who did not prepare the report and is familiar with the data; (2) "eyeballing" of the data to see if they are reasonable given what is known about earlier years; and (3) discussions with the primary data providers about large changes or unusual findings to see if the anomalies might be due to editing errors. The absence of supervisory and analytical reviews increases the risk of reporting inaccurate performance data.

CDE needs to provide reliable and valid data so that ED can assess program results and fulfill its requirements to present reliable annual performance information to Congress. In October 2001, ED published its most recent annual report—*State ESEA Title I Participation Information for 1998-99, Final Summary Report*. The report included state-by-state data on the number and percentage of Title I schools identified for improvement. If ED uses the data that CDE reported for the school year 1999-2000 in its future reports to Congress, ED would incorrectly report that 16 percent (765 of 4,888) California schools were identified for improvement. Based on CDE's

Program Improvement Database, the percentage of California schools identified for improvement was actually 26 percent (1,281 of 4,868 schools).

### **Recommendations**

The Assistant Secretary for Elementary and Secondary Education should—

- 1.1. Instruct CDE to report all Title I schools identified for improvement, including both newly and previously identified schools, in its *Consolidated State Performance Report*.
- 1.2. Ensure that CDE retains documentation to support its development of the reported data.
- 1.3. Ensure that CDE develops and implements written procedures for preparing the *Consolidated State Performance Report*, which include procedures for reconciling and reviewing the data prior to submitting the report to OESE. Reconciliation and review procedures should include supervisory review as well as an analytical review of the data across years and against independent sources—such as other databases or staff who are familiar with the data—to determine reasonableness and identify anomalies.

### **CDE's Comments**

CDE concurred with our findings and recommendations. CDE stated that it will report all Title I schools identified for improvement and will maintain all supporting documentation for three years. In addition, CDE plans to develop and implement procedures by February 15, 2002, for preparing the *Consolidated State Performance Report*. A copy of CDE's comments is included as an attachment to this letter.

## **OTHER MATTERS**

During our review of Table C-1 of CDE's *Consolidated State Performance Report* for school year 1999-2000, we found reporting problems with two additional data elements and the disclosure information. These problems did not affect the reported number of schools identified for improvement, but they did affect other information that OESE includes in its Title I Participation Database and may use to evaluate the Title I, Part A program.

Title I LEAs identified for improvement. CDE did not report the number of Title I LEAs identified for improvement in its performance report for school year 1999-2000. We also noted that CDE did not report this data in its report for school year 1996-1997. For school years 1997-1998 and 1998-1999, CDE consecutively reported the same data for the number of Title I LEAs in total and the number of Title I LEAs identified for improvement.

Distinguished schools.<sup>4</sup> CDE reported the number of schools eligible for State performance awards rather than the number of schools that met Federal criteria for a distinguished school.

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<sup>4</sup> In California, distinguished schools are called Title I Achieving Schools.

Disclosure information. The reporting form for the *Consolidated State Performance Report* instructs States to describe data quality issues in a section specifically designated for this purpose. CDE used footnotes rather than the designated section. As a result, the data quality issues were not entered into the Title I Participation Database and the data limitation may not be properly disclosed in ED's reports to Congress. Also, CDE did not disclose why it did not provide the requested data on Title I LEAs identified for improvement and distinguished schools.

## BACKGROUND

The Title I, Part A program was enacted under the ESEA, as amended by the Improving America's Schools Act of 1994, Public Law 103-382.<sup>5</sup> The 1994 reauthorization of the ESEA introduced standards-driven reform. Specifically, Title I services are to be linked to the same State content and performance standards that are expected of all children, and aligned assessments are to be used to measure students' progress toward meeting these standards. In addition, States must put in place a system of accountability designed to identify and assist schools that do not make adequate progress towards meeting the standards. LEAs must annually review the progress of each Title I school to determine whether the school is making adequate yearly progress. Schools that do not make adequate progress for two consecutive years are to be identified for improvement. LEAs are to provide technical and other assistance to schools identified for improvement and must take corrective actions in schools that continue to be low performing for three additional years after identification. In the same manner that LEAs review the progress of schools, States are to annually review the progress of LEAs. LEAs that do not meet performance targets for two consecutive years are identified for improvement. States must take corrective action in LEAs that continue to be low performing for four years after being identified for improvement.

In California, CDE is responsible for implementing the statewide accountability system and administering the Title I, Part A program. For school year 1999-2000, California's Title I allocation was about \$940 million. At the time of our review, California was continuing to phase in its accountability system to conform with Title I accountability guidelines. For school year 1999-2000, CDE used the results of students' Stanford-9 test to determine whether public schools made adequate yearly progress. CDE uses an internal system, called the Program Improvement Database, to compile data on Title I schools' progress and, if applicable, data on when the schools were identified for improvement and when schools exited improvement status. From this database, CDE annually identifies and notifies the LEAs of their schools that were identified for improvement.

In March 2000, ED published its *Data Quality Standards* as an appendix to its *1999 Performance Reports and 2001 Plans*.<sup>6</sup> For 1999-2000, ED had six data quality standards in

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<sup>5</sup> ESEA was reauthorized by the No Child Left Behind Act of 2001 on January 8, 2002.

<sup>6</sup> Subsequent to the publication of the *1999 Performance Reports and 2001 [Annual] Plans* in March 2000, ED revised the *Data Quality Standards* by increasing the number of standards from six to eight. In March 2001, ED published the revised standards as *Draft Data Quality Standards* in its *2000 Performance Report and 2002 Annual Plans*. For the purposes of this audit, we used the March 2000 standards that were in effect during our audit period.

place: (1) Validity—data adequately represent performance; (2) Accurate Description—definitions and counts are correct; (3) Editing—data are clean; (4) Calculation—the math is right; (5) Timeliness—data are recent; and (6) Reporting—full disclosure is made. For each standard, ED provided a definition, examples of conditions that meet or fail to meet the standard, and a Data Quality Checklist for use by primary data providers and secondary data managers.

## **PURPOSE, SCOPE, AND METHODOLOGY**

As part of our review of CDE's management controls over performance data used to identify schools for improvement, we examined CDE's procedures for preparing its performance report to OESE. The purpose of this segment of the audit was to determine whether CDE reported reliable data on the number of Title I schools identified for improvement. Our examination covered the data that CDE reported in its Consolidated State Performance Report for school year 1999-2000. We expanded our analysis of the data to school years 1996-1997 through 1998-1999. We will issue a separate report on CDE's management controls for ensuring the quality of the performance data used to identify schools for improvement, after we have completed the remainder of our review.<sup>7</sup>

To accomplish our objective, we interviewed State officials and staff responsible for collecting data used to report the number of schools identified for improvement to OESE. We confirmed that the data CDE had reported to OESE over the last four years were recorded in the Title I Participation Database. We also compared the data CDE had reported to OESE with the data in CDE's Program Improvement Database. In addition, we interviewed program and contractor officials from OESE and ED's Planning and Evaluation Service within the Office of the Undersecretary about their definition for the data requested in the Federal performance report related to schools and LEAs identified for improvement.

We relied on computerized records in CDE's Program Improvement Database to determine the number of schools identified for improvement, but we did not assess the reliability of these records for this segment of the audit. We will assess the data reliability of the Program Improvement Database as we continue the audit of CDE's management controls over the performance data.

We performed our fieldwork at CDE offices in Sacramento, California, from July to September 2001. We held an exit briefing with CDE officials on September 26, 2001. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described.

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<sup>7</sup> This audit was conducted as part of a joint project of the U.S. Comptroller General's Domestic Working Group to determine whether data used for the purpose of identifying Title I schools in need of improvement are reliable, valid, and timely. The participants in the joint effort are the ED-OIG, U.S. General Accounting Office, Texas State Auditor's Office, Pennsylvania Department of Auditor General, and Philadelphia City Controller's Office.

## STATEMENT ON MANAGEMENT CONTROLS

We were unable to identify CDE's control structure applicable to reporting the number of schools identified for improvement since CDE did not have written procedures and failed to retain supporting documentation. In addition, CDE officials could not provide a sufficient oral explanation on how data on the number of schools identified for improvement were collected and reported in the *Consolidated State Performance Report* for school year 1999-2000.

Based on our review, we concluded that CDE did not have management controls to ensure the reliability of the number of schools identified for improvement that it reported to OESE. The AUDIT RESULTS section of the report provides details on our finding.

## ADMINISTRATIVE MATTERS

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 action to be taken will be made by the appropriate Department of Education 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 ED official, who will consider them before taking final action on the audit:

Susan B. Neuman  
Assistant Secretary  
Office of Elementary and Secondary Education  
U.S. Department of Education  
Federal Building No. 6  
400 Maryland Avenue, SW  
Washington, D.C. 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 ED'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 under the Act.

Sincerely,

  
Thomas A. Carter  
Assistant Inspector General for Audit

Attachment



DELAINE EASTIN  
State Superintendent of Public Instruction

CALIFORNIA  
DEPARTMENT  
OF  
EDUCATION

714 Capitol Mall

P. O. Box 944272

SACRAMENTO, CA

95834-2720

December 28, 2001

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

Audit No. A09-B0019

Dear Ms. Pilotti:

Thank you for the opportunity to review and comment on your draft audit report of the California Department of Education's (CDE) compliance with Federal management controls over reporting of Title I performance data (Audit No. A09-B0019).

A detailed report of the action taken to implement each of your audit recommendations is enclosed. If you have any questions about the corrective action taken by the CDE or the information in our response, please contact the CDE's Audit Response Coordinator, Glenn Ostapeck, at (916) 322-2288.

Sincerely,

  
SCOTT HILL  
Chief Deputy Superintendent of Public Instruction

Enclosure

cc: Leslie Fausset, Chief Deputy Superintendent for Policy and Programs  
Joanne Mendoza, Deputy Superintendent, Curriculum and Instructional Leadership  
Branch  
Hanna Walker, Director, Specialized Programs Division

CALIFORNIA DEPARTMENT OF EDUCATION

ACTION TAKEN TO IMPLEMENT RECOMMENDATIONS

ON U.S. DEPARTMENT OF EDUCATION REPORT NO. A09-B0019

**Recommendation 1.1 - Instruct CDE to report all Title I schools identified for improvement, including both newly and previously identified schools, in its Consolidated State Performance Report.**

California Department of Education (CDE) Response: The CDE will complete the Consolidated Performance Report by the due date. This report will include all Title I schools identified for Program Improvement in all 5 cohorts (1997-01). The report will also include the total number with a breakout of school wide and targeted assistance.

**Recommendation 1.2 - Ensure that CDE retains documentation to support its development of the reported data.**

CDE Response: All documentation to support the identification of Title I Program Improvement schools will be maintained for at least three years.

**Recommendation 1.3 - Ensure that CDE develops and implements written procedures for preparing the Consolidated State Performance Report, which include procedures for reconciling and reviewing the data prior to submitting the report to OESE. Reconciliation and review procedures should include supervisory review as well as an analytical review of the data across years and against independent sources- such as other databases or staff who are familiar with the data- to determine reasonableness and identify anomalies.**

CDE Response: By February 15, 2002, CDE will develop and implement procedures for preparing the *Consolidated State Performance Report*.

**REPORT DISTRIBUTION LIST  
CONTROL NO. ED-OIG/A09-B0019**

**Auditee**

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

**ED Action Official**

Susan B. Neuman, Assistant Secretary  
Office of Elementary and Secondary Education

**Other ED Officials/Staff** (electronic copy)

Audit Liaison Officer  
Office of Elementary and Secondary Education

Assistant General Counsel  
Office of the General Counsel

Director, Compensatory Education Programs  
Office of Elementary and Secondary Education

Deputy Secretary  
Office of the Deputy Secretary

Assistant Secretary  
Office of Legislation and Congressional Affairs

Chief of Staff  
Office of the Secretary

Assistant Secretary  
Office of Intergovernmental and Interagency Affairs

Under Secretary  
Office of the Under Secretary

Director  
Financial Improvement and Post Audit Operations  
Office of the Chief Financial Officer

Director  
Office of Public Affairs

Post Audit Group Supervisor  
Financial Improvement and Post Audit Operations  
Office of the Chief Financial Officer

Press Secretary  
Office of Public Affairs

Indirect Cost Group Supervisor  
Financial Improvement and Post Audit Operations  
Office of the Chief Financial Officer

Correspondence Control  
Office of General Counsel

**Others**

Superintendent  
Sacramento City Unified School District