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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-C0002

Dear Ms. Pilotti:

After receiving and reviewing the final audit report from USDE/OIG entitled *California Department of Education's Management Controls Over Performance Data for Identifying Title I Schools for Improvement*, we determined that the California Department of Education (CDE) response to Recommendation 1.1 contained in the final report was an incorrect version of our official response.

On March 18, 2002, after faxing the final response letter to USDE/OIG, we followed up the fax with a mailed original copy. Before mailing the original copy, we reformatted the response. In doing so, an incorrect version of the response, in another file, was inadvertently formatted and mailed to USDE/OIG instead of the correct fax version.

The substance of CDE's response to recommendation 1.1 is the same, with a technical correction to CDE's comments that appear on page 3 of the final audit report. The overall responses, while similar in overall content, contained different timelines for corrective actions. Specifically, the alternative accountability system for alternative schools serving high-risk students and very small schools will be fully implemented by Fall 2003 (not 2002, as stated in the report and CDE's March 18 comments).

We have enclosed a copy of our intended responses addressing the reports recommendations. We appreciate your assistance and consideration in resolving this matter. Please contact me if you have any questions.

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Enclosures

CALIFORNIA DEPARTMENT OF EDUCATION

ACTION TAKEN TO IMPLEMENT RECOMMENDATIONS

ON U.S. DEPARTMENT OF EDUCATION REPORT NO. A09-C0002

Recommendation 1.1 – Ensure that CDE fully implements its alternative accountability system and has in place appropriate management controls over the reliability, validity, and timeliness of performance data from that system.

California Department of Education (CDE) Response: The Alternative Accountability System (ASAM) for alternative schools serving high-risk students and very small schools will be fully implemented by Fall 2003 when second-year data showing change in performance are evaluated and reported. Schools in the ASAM were given several State Board of Education-approved indicators from which to select two indicators along with STAR data to document their annual progress. The schools selected their indicators in August 2001 and are collecting baseline data during this school year, 2001-2002. They will report the baseline indicator data to CDE in July 2002, after which the data will be analyzed to set performance goals and the baseline results will be publicly reported.

The management controls on this system will be comparable to those used by the regular Academic Performance Index System and the data will be reliable and valid.

The timelines for CDE implementation of this system align with the Timeline Waiver Section Number 4 (dated February 14, 2002) that the U. S. Department of Education approved on March 8, 2002.

Recommendation 1.2 - Ensure that CDE includes all Title I schools in its review to identify schools for improvement.

CDE Response: CDE will review all schools receiving Title I funds in Fall 2002, and will perform subsequent annual reviews to identify schools for program improvement.

Recommendation 2.1 - Ensure that CDE develops written procedures for creating and updating the PI Database. These procedures should include supervisory or analytical review of the data on schools identified for improvement to assure the data are reliable.

CDE Response: CDE has completed and implemented written procedures for reviewing the data on Title I schools to identify schools that continue to be included in Program Improvement, exit the schools that meet the criteria for two years of progress, and identify new schools for Program Improvement. CDE's written procedures include a review of the identification process by technical staff and management prior to public release of the report.