



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

501 I STREET, SUITE 9-200  
SACRAMENTO, CALIFORNIA 95814  
PHONE (916) 930-2388 • FAX (916) 930-2390



November 10, 2005

**Control Number**  
**ED-OIG/A09F0012**

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 *Learning Excitement Incorporated and Stockton 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) Stockton Unified School District (SUSD) contracts with Learning Excitement Incorporated (LEI) 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) LEI 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) LEI 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.

---

## BACKGROUND

---

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 consists 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, selected by the individual student's parent or guardian, provide the services to eligible students under agreements with LEAs. SES providers must align

---

<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.

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.

LEI, also known as Reading Revolution, is a privately held for-profit corporation based in Concord, California, which was initially approved as an SES provider in California for school year 2002-2003. LEI provides tutoring in English language arts in one-on-one or small group sessions with a student-to-teacher ratio of eight to one or less. The tutoring is provided after the regular school day at the school site for 1½ to 3 hours, depending on the program structure, timing, and budget. LEI tutoring sessions ran for 2 to 10 weeks. LEI served 61 SUSD students during school year 2003-2004 and 160 SUSD students during school year 2004-2005.<sup>2</sup>

In school year 2003-2004, SUSD allocated \$3.67 million of Title I funds for SES and reported that 1,141 students received services from 4 SES providers. In school year 2004-2005, SUSD allocated \$3.71 million of Title I funds for SES and reported that about 3,000 students received services from 4 SES providers.

---

## AUDIT RESULTS

---

We found that LEI's contracts with SUSD included all elements required by the applicable ESEA provisions and Federal regulations. However, neither SUSD nor LEI completed individual student plans, as required by the ESEA § 1116(e)(3), the 2003-2004 and 2004-2005 contracts, and Federal regulations. LEI complied with other contractual and Federal requirements reviewed as part of our audit.

Based on our review of selected invoices, we concluded that LEI provided SES to SUSD students for which LEI received payment under the contracts. We also found that LEI provided SES to students after the regular school day and the content of instructional material used by LEI was aligned with California's student academic achievement standards. LEI's Chief Executive Officer (CEO) stated that LEI gave progress reports to schools and parents; however, we could not confirm from the available documentation that progress reports had been, in fact, disseminated to schools and parents.

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 from July 1, 2005 to June 30, 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 student academic proficiency for two

---

<sup>2</sup> The number of students for school year 2004-2005 does not include additional students who were enrolled in one session that was on-going at the time of our review.

consecutive years, as demonstrated by assessment scores, is one reason CDE may remove a provider from the state list of approved providers. We concluded that LEI currently maintains the type of data that CDE will use to determine the quality and effectiveness of services. However, we found that effectiveness data contained in assessment reports provided to SUSD, and included in LEI's 2005 provider application to CDE, were incomplete and inaccurate.

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 –SUSD Did Not Complete Individual Student Plans for All Students Who Received SES**

While the SES contracts between LEI and SUSD provided for the development of individual student plans, neither SUSD nor LEI prepared such plans. ESEA § 1116(e)(3)(A) requires an LEA to enter into an agreement with the approved SES provider that shall require the LEA to develop a statement of specific achievement goals for the student, a description of how the student's progress will be measured, and a timetable for improving achievement in consultation with parents and the provider chosen by the parents. The lack of individual student plans tailored to the academic needs of each student may result in students not receiving the services they need to improve their academic achievement.

- SUSD Did Not Prepare Individual Student Plans for All Students in School Year 2003-2004. The SES contract between LEI and SUSD for school year 2003-2004 required “[SUSD] to develop, in consultation with the parents and the provider chosen by parents, a statement of specific achievement goals for the student, how the student’s progress will be measured, and a timetable for improving achievement.” SUSD developed a Student Learning Plan (SLP) form and the District SES Coordinator intended to prepare plans for every student receiving SES by completing the form. The SLP form contained areas to record the information required by the contract and ESEA § 1116(e)(3) and an area for LEI staff and parents to sign the plan.

SUSD could only provide us with SLP forms for 26 of the 61 students served by LEI in school year 2003-2004. We also found that only 3 of the 26 provided SLP forms were complete. The other 23 SLP forms lacked required information and 15 of the 23 SLP forms also lacked signatures. SUSD’s SES Coordinator stated she did not have enough time to meet with all parents and providers to complete the SLP forms.

- SUSD Did Not Develop Individual Student Plans in School Year 2004-2005. The SES Coordinator stated that the District decided not to develop individual student plans for school year 2004-2005 due to the increasing demand for SES and the limited availability of District staff to prepare the plans. Instead, SUSD specified in the 2004-2005 contract that LEI and SUSD were jointly responsible for development of the individual student plans. The contract stated, “. . . PROVIDER and District shall develop a Statement of

Goals in consultation with the student's parents . . . The Statement of Goals shall include a statement of specific achievement goals for the student, how the student's progress will be measured, and a timetable for improving achievement . . .” According to the SES Coordinator, the intent of the change was to shift the District's ESEA § 1116(e)(3) responsibility for completion of the plans to SES providers. Thus, the District relied on the providers to develop and maintain the information required by the contract and ESEA § 1116(e)(3).

An LEA cannot shift the responsibility for developing individual student plans to SES providers. The ESEA § 1116(e)(3) clearly states that an LEA's agreements with SES providers shall require the LEA to develop, in consultation with the parents and the provider, a statement of specific achievement goals for the student, a description of how the student's progress will be measured, and a timetable for improving achievement.

Since SUSD did not prepare individual student plans for all students, we reviewed LEI's student files to determine if LEI had conducted the activities in school years 2003-2004 and 2004-2005 to satisfy the ESEA requirement. Our review of a random sample of 25 students who received services found that LEI had documented specific achievement goals for 2 students, assessed the strengths and weaknesses for 14 students, and prepared progress reports for 17 students. LEI's CEO stated that the documentation was not needed in individual student files because the goals, timetables for improvement, and methods of measuring progress were built into LEI's SES program. Essentially, if a student enrolls with LEI, the goal is for the student to complete the program by the end of the session (timetable). To measure progress, LEI has written procedures requiring students to take an assessment test at the beginning and end of the session.

Also, at the time of our review, LEI could only provide files for 203 of the 221 students served during the 2003-2004 and 2004-2005 school years. LEI's CEO cited the difficulty of maintaining records and instructional materials in school closets and auditoriums as the reason for missing documentation in its student files. The 2003-2004 and 2004-2005 contracts between LEI and SUSD required SES providers to maintain all fiscal and student records for five years. Also, the storage of student records in school closets and auditoriums could expose the records to unauthorized access by others unless the records are properly secured at those locations. The ESEA § 1116(e)(3)(E) prohibits an SES provider from disclosing to the public the identity of any student eligible for, or receiving, SES without the written permission of the parents.

## **Recommendations**

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—

- 1.1 Ensure that SUSD explicitly states in its SES contracts how the District will develop for each student a statement of specific achievement goals, a description describing how progress will be measured, and a timetable for improving achievement in consultation with the provider and parents as required by ESEA § 1116(e)(3), and that SUSD ensures such plans are completed for each student.

- 1.2 Ensure that LEI maintains student records in accordance with the terms of its contracts with LEAs and that student records are stored in secured areas.

### **CDE Comments**

In its comments on the draft report, CDE stated it would provide technical assistance via workshops and written communications on (1) the requirements for implementing and providing SES (including elements to be included in the agreement and how the LEA will develop a statement of specific achievement goals for each SES student) and (2) securing student records in accordance with contract provisions. CDE also plans to review SUSD's revised SES agreement template. CDE stated that SUSD has designed an Individual Student Learning Plan form that will be distributed to SES providers when parents submit an application for service and that SES will not be provided to students until the plan is completed and distributed to all parties. CDE also described the changes LEI made to its procedures to ensure that it has an individual student plan for each student prior to providing SES. CDE stated that LEI implemented additional internal control procedures for assuring the proper handling, storage, and retention of SES documents and provided its program managers with training on the new procedures.

### **FINDING NO. 2 – LEI Reported Effectiveness Data To SUSD and CDE That Were Incomplete and Inaccurate**

LEI submitted assessment reports to SUSD at the end of each SES session to communicate the effectiveness of the services provided to students. LEI measured effectiveness using grade growth on pre- and post-session assessment tests. We found that the assessment reports omitted students for which LEI had test scores and contained test scores that did not match information in the student files. We also found inaccurate effectiveness data, contained in SUSD's Van Buren Elementary School assessment report, were included in a letter of reference with LEI's 2005 SES application to CDE.

ESEA § 1116(e)(4)(B) requires states to consider a potential SES provider's demonstrated record of effectiveness prior to granting approval to provide services and § 1116(e)(2)(A) requires LEAs to provide an annual notice to parents that includes a description of approved providers' demonstrated effectiveness. ESEA § 1116(e)(4)(D) requires states to monitor the effectiveness of services offered by approved providers. To ensure that states, LEAs, and parents have reliable information to make decisions, provider reports on effectiveness data need to be complete and accurate.

For a random sample of 25 students who received SES, we compared the original test scores recorded in the student files to the results presented in the assessment reports. We found that—

- Eleven students were not included on the assessment reports. Student files for 6 of the 11 students contained the pre- and post-test scores necessary to include the students in the assessment reports. The other student files did not contain at least one of the scores.

- Fourteen students were included on the assessment reports, but information reported for five students differed from information in the student files.

LEI's Office Manager attributed the exclusion of students and inaccurate information to human error. Correction of the errors and omissions identified by our review would increase the provider's reported effectiveness. However, given the six student omissions and five students with data errors identified in our 25 student sample, we concluded that LEI's assessment reports were not reliable.

## **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 ensure that LEI implements internal control procedures that provide a reasonable level of assurance that complete and accurate effectiveness data are reported to LEAs and in SES provider applications and future annual reports submitted to CDE.

## **CDE Comments**

In its comments on the draft report, CDE stated that it plans to offer SES provider training on the State's SES reporting requirements and reporting form. CDE also stated it would advise LEI about the State's SES regulation requirements for accurate and full reporting of SES effectiveness and that non-compliance with these requirements could be cause for termination as a state-approved SES provider. CDE stated that LEI has revised its procedure to include comparing 100 percent of the data entered by field personnel in an Excel spreadsheet to the supporting documents. CDE will require LEI to submit a detailed description of its internal control procedures to ensure full and accurate reporting of effectiveness data.

CDE also provided LEI's position on the reliability of its reports. LEI acknowledged that human error led to a small amount of misreported or unreported data resulting in some inaccuracy and incompleteness to its report to SUSD and CDE. However, LEI asserted that the reports were reliable. LEI stated that the reliability of data and reports means that they are dependable and that different clinical experiments or statistical trials would yield the same or compatible results. LEI claimed that the measures received from students in LEI programs at SUSD yielded results that were compatible with the statewide results. Additionally, LEI stated that the materiality of the finding should have been assessed before concluding the reports were not reliable. LEI stated that findings that have a material affect on reported information are findings that when disclosed to the user of the information would influence their opinion of the information. LEI stated that inclusion of the missing data and correction of misreported data changed LEI's overall performance at SUSD by only 2.3 percent. LEI stated that the change in overall performance was not material and should not affect SUSD's or CDE's assessment of LEI's program.

## OIG Response

We have not changed our conclusion regarding the reliability of LEI's reports. We reviewed the data for 25 of 221 students who received SES during school years 2003-2004 and 2004-2005. The fact that 11 of the 25 students in our sample were either omitted or had inconsistent data is sufficient to raise concerns about the data entered for the other students and the reliability of LEI reports that include information based on the data. We noted in the report that correction of the errors and omissions identified by our review would increase the provider's reported effectiveness. However, given the error rate for our sample, there is a significant risk that data may have been omitted or incorrect for students not reviewed. Thus, the 2.3 percent change calculated by LEI may not be an accurate measure of the impact on the reported performance.

---

## OTHER MATTERS

---

During our review, we found that SUSD did not properly identify students who were eligible for SES in school year 2003-2004 or 2004-2005. Title 34 C.F.R. § 200.45(b) and (c) states that students from low-income families at Title I schools in the second year of school improvement or identified for corrective action or restructuring are eligible for SES. SUSD considers a student to be low-income if the student qualifies for free-or-reduced-price-lunch under the National School Lunch Act. However, in school years 2003-2004 and 2004-2005, SUSD determined a student's eligibility for SES based solely on a student's performance on California standardized tests. Thus, SUSD would not have identified SES-eligible, low-income students who performed at the proficient level or above on the standardized tests. Additionally, SUSD would have identified low-achieving students who were not low-income as eligible for SES. In its comments to the draft report, CDE described the corrective action taken by SUSD. For school year 2005-2006, SUSD identified all low-income students and noted, as eligible for SES, all students who attend schools that were in the second or more year of school improvement. For funding priority, the eligible students will be ranked from greatest to lowest academic need.

We also found SUSD did not share its individual student academic achievement data with SES providers in school years 2003-2004 and 2004-2005. Title 5, Section 49075 of the California Education Code allows a district to share student academic information with an SES provider, as long as the district obtains the parent's consent. SUSD's SES Coordinator was unaware that student information could legally be shared with providers with written authorization from parents. The sharing of student academic data could be beneficial when SUSD is developing, in consultation with the provider, the specific achievement goals for the student. In its comments on the draft report, CDE described the procedures that SUSD will use to obtain parental consent and that SUSD will release student academic achievement data to SES providers upon receipt of the parental consent.

---

## OBJECTIVES, SCOPE, AND METHODOLOGY

---

The objectives of the audit were to determine whether (1) SUSD contracts with LEI for providing SES contained the elements specified in the ESEA § 1116(e)(3) and applicable Federal regulations; (2) LEI 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) LEI collects and maintains the data that will be used by CDE to evaluate the quality and effectiveness of the services offered by the provider. Our audit covered school years 2003-2004 and 2004-2005.<sup>3</sup>

To achieve our objectives, we gained an understanding of the ESEA provisions, Federal regulations, U.S. Department of Education guidance, and California regulations covering SES. We also interviewed officials and staff at LEI and SUSD. We obtained SUSD contracts with LEI for school years 2003-2004 and 2004-2005 and compared the contracts' terms to the elements specified in ESEA § 1116(e)(3). Our review of SUSD internal controls was limited to the procedures used to contract for SES, process provider invoices, and prioritize students for SES.

To assess whether LEI performed the services for which it received payment, we gained an understanding of LEI's internal controls for collecting student attendance data used to prepare invoices. LEI's accounting records showed four invoices, totaling \$52,790, were submitted for school year 2003-2004 and nine invoices, totaling \$145,255, were submitted for school year 2004-2005 (as of May 2005). We judgmentally selected the invoices with the largest dollar amount charged from each of the four schools where LEI provided services to SUSD (the invoices totaled \$8,578, \$20,016, \$27,846, and \$22,874). For each invoice, we reviewed student attendance data, confirmed that students were qualified to receive SES, and recalculated the invoice amount.

To determine if LEI's services were provided in a manner consistent with the contract terms and Federal requirements, we gained an understanding of LEI's internal controls for documenting student goals and timetables, informing parents and teachers of student progress, and procedures for maintaining student records. We reviewed the provider application packages (2003, 2004, and 2005) that LEI submitted to CDE and available documentation at LEI related to the development of individual student goals, timetables for improvement, reporting of student progress, aligning of services to State content standards, and assessing the quality and effectiveness of services. We also reviewed information contained in LEI's student files for 25 students randomly selected from students that received services from LEI in school years 2003-2004 and 2004-2005.

---

<sup>3</sup> LEI provided one additional SES session for SUSD at the end of school year 2004-2005, which we did not review due to the timing of our audit fieldwork.

			<b>Students Sampled</b>
Van Buren Elementary School	2004-2005	67	8
Madison Elementary School	2004-2005	93	10
Grunsky Elementary School-Session 1	2003-2004	23	2
Grunsky Elementary School- Session 2	2003-2004	22	3
Fillmore Elementary School	2003-2004	16	2
		221	<b>25</b>

Our review for consistency with contract terms and Federal requirements was limited to the following areas:

- Developed a statement of specific achievement goals for each student, how the student’s progress will be measured, and a timetable for improving achievement.
- Regularly informed student’s parents and teacher(s) of the student’s progress.
- Supplied services that were in addition to the instruction provided during the school day.
- Used instructional materials that were aligned with State student academic achievement standards.<sup>4</sup>

While LEI maintained copies of student progress reports, we were unable to determine whether LEI complied with the contract terms for informing parents and teachers of students’ progress because LEI did not document communication with either.

To confirm that LEI maintained the data that can be used by CDE to evaluate the quality and effectiveness of services provided by LEI, we reviewed assessment reports (Excel worksheets) provided to SUSD for school years 2003-2004 and 2004-2005 and gained an understanding of LEI’s procedures for the collection, maintenance, and reporting of student assessment data. To assess the reliability of the effectiveness data contained in LEI assessment reports submitted to SUSD, we reviewed the same random sample of 25 student files used to test for compliance with contract terms and Federal requirements. For the 25 students, we compared the original test scores recorded in the student files to the results presented on assessment reports given to SUSD. We then compared the average effectiveness results highlighted in the SUSD assessment reports to effectiveness results LEI reported in the 2005 SES provider application to CDE. While we noted inaccuracies and omissions on reports prepared from the data, we concluded the data contained in student files was sufficiently reliable to be used in meeting our audit objectives.

We performed our fieldwork at LEI’s corporate office in Concord, California and the administrative offices of SUSD in Stockton, California. An exit conference was held with CDE officials on August 10, 2005. An exit conference was held with officials from LEI and SUSD on August 15, 2005. We performed our audit in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

---

<sup>4</sup> 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 LEI’s instructional materials were aligned with State standards.

---

## 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 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.

Henry 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  
FB6, Room 4W317  
400 Maryland Avenue, SW  
Washington, DC 20202

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 24, 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, "*Learning Excitement Incorporated and Stockton Unified School District's Compliance With Supplemental Educational Services Provisions.*" This response incorporates information from the CDE, Stockton Unified School District (SUSD), and Learning Excitement Incorporated (LEI). State Superintendent of Public Instruction Jack O'Connell has asked me to respond on his behalf.

**Finding No. 1 – SUSD Did Not Complete Individual Student Plans for All Students Who Received Supplement Educational Services**

**Recommendation 1.1:**

Require CDE to ensure that SUSD explicitly states in its supplement educational services (SES) contracts how the District will develop for each student a statement of specific achievement goals, a description describing how progress will be measured, and a timetable for improving achievement in consultation with the provider and parents as required by the Elementary and Secondary Education Act of 1965 (ESEA) § 1116(e)(3), and that SUSD monitors to ensure that such plans are completed for each student.

**Corrective Action Plan:**

The CDE will provide regional technical assistance via workshops and written communications to LEAs on the requirements for implementing and providing SES (including elements to be included in the agreement, and how the LEA will develop a statement of specific achievement goals for each SES student). Furthermore, the CDE plans to review the revised SES agreement template before it is approved by the local school board.

For each student, LEI developed specific achievement goals and timelines based upon initial assessment tests, and documented the individualized goals in the daily lesson plans and curriculum to meet each student's needs. However, LEI agrees that explicit documentation of individual student plans is needed; therefore, LEI changed its SES policies and procedures for the academic year 2005-06. The new procedures require all students receiving SES from LEI to have individualized student learning plans. In September 2005, LEI included this procedure in its *Program Manager Guide*, and discussed it in recent training with all LEI program managers.

SUSD designed an Individual Student Learning Plan (ISLP) on multi-copy NCR paper that will be distributed to SES providers when parents submit an application for service. The SES services will not begin until the ISLP is completed and distributed to all parties.

**Recommendation 1.2:**

Require CDE to ensure that LEI maintains student records in accordance with the terms of its contracts with local education agencies (LEA) and that student records are stored in secured areas.

**Corrective Action Plan:**

The CDE will provide regional technical assistance via workshops and written communications to securing student records in accordance with contract provisions.

In the fall 2005, LEI implemented additional internal control procedures for assuring the proper handling, storage, and retention of all SES documents. LEI included this in its *Program Manager Guide* in September 2005, and provided training to all LEI program managers.

## **Finding No. 2 – LEI Reported Effectiveness Data to SUSD and CDE That Was Incomplete and Inaccurate**

### **Recommendation 2.1:**

Require CDE to ensure that LEI implements internal control procedures that provide a reasonable level of assurance that complete and accurate effectiveness data is reported to LEAs and in SES provider applications and future annual reports submitted to CDE.

### **General Comments by LEI:**

LEI acknowledges that human error led to a small amount of misreported or unreported data resulting in some inaccuracy and incompleteness to its report to SUSD and CDE. However, LEI asserts its reports is reliable. Reliability of data and reports means that they are dependable, and that different clinical experiments or statistical trials would yield the same or compatible results. Statewide, over thousands of students, LEI's grade level growth averages between 1 and 2.3 full grades for 28 hours of tutoring (depending upon the performance measure used). The measures received from students in LEI's Stockton programs yielded results that were compatible with the statewide results.

Additionally, LEI stated the materiality of the finding should have been assessed before concluding the reports were not reliable. Findings that have a material affect on reported information are findings that when disclosed to the user of the information would influence their opinion of the information. In this case, including all of the missing data, and correcting all of the misreported data, changes LEI's overall performance in Stockton by only 2.3 percent. Such a minute change in overall performance is not material, and should not affect SUSD's or CDE's assessment of LEI's program.

### **Corrective Action Plan:**

The CDE plans to offer SES provider training sessions regarding the state SES reporting requirements and reporting form with 12 data elements about provider effectiveness. This report will be due yearly on October 1, beginning in 2006. Additionally, CDE will advise LEI about the state SES regulation requirements for accurate and full reporting of SES effectiveness. Non-compliance with these requirements could be cause for termination as a state-approved SES provider. Furthermore, CDE will require LEI to submit a detailed description of its internal control procedures to ensure full and accurate reporting of effectiveness data.

Furthermore, to ensure accuracy, LEI revised its procedure to include comparing 100 percent of the data entered by field personnel in an Excel spreadsheet to the supporting documents once they come into the corporate office.

**Other Matters:**

1. SUSD did not offer SES to all eligible students for school years 2003-04 and 2004-05.

**Corrective Action Plan:**

SUSD identified all low-income students using the free or reduced lunch under the National School Lunch Act, and included all students who attend a Provision 2, Program Improvement Year 2 or more school. All eligible students will be ranked from greatest to lowest academic need.

2. SUSD did not share its individual student academic achievement data with SES providers in school years 2003-04 and 2004-05.

**Corrective Action Plan:**

The SUSD's ISLP that will be distributed to providers includes the statement, "*Parent AGREES to release academic and testing information, regarding their student, to the parent selected agency/provider.*" \_\_\_\_\_ (Parent's Initials). Upon parental consent, the California Standards Test scores will be released to the provider. Additionally, SUSD ensures that attendance records are verified by observations during tutoring sessions, parental initials, and teacher's and provider's signature on each student's attendance records.

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 e-mail at .

Sincerely,

/s/  
GAVIN PAYNE  
Chief Deputy Superintendent of Public Instruction

GP:ks