



FLORIDA DEPARTMENT OF EDUCATION



June 2009

Report No. 08/09-02A

Office of Inspector General – Audit of Supplemental Educational Services

Overview

Our audit disclosed that, for the 2007-2008 school year, each of the Local Education Agencies (LEAs) we reviewed provided the option of school choice and provided no cost supplementary education services to eligible students. However, we determined that the LEAs reviewed did not comply fully with the SES provisions of the No Child Left Behind (NCLB) Act and the implementing regulations.

The Department should regularly monitor the LEAs and provide quality technical assistance to effectively implement the requirements of NCLB. NCLB does not specify the particular method or frequency with which states must monitor LEAs, which allows the Department some flexibility in how it monitors LEAs. Although the Department has mechanisms in place to review LEA and provider compliance with NCLB, the frequency of monitoring may not be sufficient for the Department to ensure an effective and fully compliant SES program.



*Office of Inspector General
Florida Department of Education*

Our report has findings that relate to improvements that can be made in parent notification letters, review and payment of provider invoices, and monitoring of SES provider contracts.

Objectives and Scope

This audit focused on evaluating the level of compliance with federal requirements by the Department and selected LEA's. Specific objectives were to: 1) determine the amount and nature of Department monitoring of SES providers, 2) determine if funds are properly spent, and 3) evaluate the sufficiency and effectiveness of controls in place. The scope of the audit included SES information during fiscal and school year 2007-2008 and current year information as of March 2009.

Background

This audit was identified in the Office of Inspector General's (OIG) annual risk assessment and included in the approved annual audit plan. It was performed in support of the Department's goal of quality efficient services with the purpose of promoting the strategic imperative of aligning resources to strategic goals.

Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act (NCLB) of 2001, (P.L. 107-110), significantly increases the choices available to the parents of students attending Title I schools that fail to meet state standards. The program is administered by the Bureau of Student Assistance within the Division of Public Schools.

Title I, Part A requires LEAs to offer Supplemental Educational Services 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. Under the No Child Left Behind Act of 2001, Title I schools that do not make adequate yearly progress (AYP) for two consecutive years are identified for school improvement. Title I schools that do not make AYP for four years are identified for corrective action and Title I schools that do not make AYP for five years are identified for restructuring. A low-income family is determined based on the student's eligibility for free or reduced price lunch under the National School Lunch Program.

Title I schools that have not made AYP in increasing student academic achievement for two consecutive years must provide parents of eligible children with the opportunities to either transfer the student to a better performing school or receive tutoring that is free of charge to the parent. This tutoring is limited by a per student cap of available funding and the fees charged by service providers. The fees charged range from \$40 to \$80 per hour per student. The average fee for all providers is \$50 per hour.

SES consists of tutoring, and other educational interventions that are designed to increase the academic achievement of students. These services are provided in addition to normal instruction during the school day. SES is provided to students in subjects such as reading, language arts, and math. Providers are approved by the Department and selected by the student's parent or guardian. They provide the services to eligible students under agreements with LEAs. SES providers must align their instructional programs with state academic achievement standards and tailor their services to the academic needs of individual students. The Department is the state educational agency responsible for administering NCLB, Title I, Part A, approving SES providers, and monitoring the quality and effectiveness of services offered by the approved providers.

The Department is required to identify organizations, both public and private, that

qualify to provide supplemental educational services. Parents of eligible students are then notified, by the LEA that supplemental educational services will be made available, and parents can select any approved provider that they believe will best meet their child's needs in the area served by the LEA or within a reasonable distance of that geographic area. The LEA, usually a school district, signs an agreement with the provider selected by a parent, and the provider then delivers tutoring services to the child and reports on the child's progress to the parents and to the LEA.

During the 2007-2008 school year, the Department of Education (Department) allocated Title I funds totaling \$575,476,808 to local educational agencies (LEAs), out of which \$113,138,972 was expended for Supplemental Educational Services (SES).

Methodology

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Information was gathered by reviewing procedures and program files, researching federal and state laws, interviewing appropriate Department and district staff, and reviewing selected contract documentation during the audit period. Contract payment processing and contract monitoring also were reviewed. Information regarding SES administration was obtained from school districts representing varying sizes and locations in the state: Broward, Dade, Gadsden, Hillsborough, Leon and Wakulla. This information was used to evaluate the nature and scope of LEA oversight of SES providers.

Internal Controls

Improvements are needed in controls relating to parental notification and the payment of provider invoices. Internal controls over invoice payment are weak in some LEAs. Audit findings presented below provide specifics on these items.

Adequate Yearly Progress Determination

AYP performance targets were established when the Department initially submitted its reading and math proficiency targets for approval by the U.S. Department of Education on January 31, 2003. Annual targets through 2013-14 were established. Established AYP performance targets for 2007-2008 in reading and math were 58% and 62% respectively.

Based on our audit, the Department (1) provided AYP determinations to LEAs before the beginning of the school year, (2) identified and provided an approved list of SES providers to the LEAs, and (3) conducted onsite monitoring of seven (10%) LEAs and 33 providers, and conducted desktop monitoring of five (7%) LEAs and 17 providers. In addition, each of the six LEAs we reviewed provided the option of school choice and no cost supplemental education services to eligible students. However, we noted that the Department did not use a risk based process for selecting and reviewing LEAs and providers, and has not developed internal policies and procedures for reviewing LEAs.

Finding 1 - Certain Local Education Agencies reviewed did not comply fully with the parental notification provisions of NCLB.

We reviewed parental notification letters from six LEAs (Dade, Broward, Gadsden, Hillsborough, Leon and Wakulla). Although the notifications sent by Dade, Leon and Wakulla school districts provided the school's academic performance, the letters did not clearly explain how the school compares in terms of academic achievement to other schools served by the local educational agency. We also noted that some of the letters did not:

- Explain how the school identified for school improvement is addressing the problem of low achievement (Broward, Dade, Leon and Wakulla).
- Explain clearly how parents can become involved in addressing the academic issues

that caused the school to be identified for school improvement (Leon).

- Include an explanation of the parents' option to transfer their child to another public school with transportation provided by the LEA (Dade).
- Provide the identity of approved SES providers that are within the local educational agency or whose services are reasonably available in neighboring local educational agencies (Broward, Dade, and Leon).
- Provide a description of the services, qualifications, and demonstrated effectiveness of each provider (Broward, Dade, Hillsborough, and Leon).
- Publish and disseminate information regarding corrective action taken at the Charter School of the Arts, Sciences and Technology (C.O.A.S.T.) to the public and to the parents of each student enrolled in C.O.A.S.T. (Wakulla)

Section 1116 of NCLB and chapter 34, Code of Federal Regulations, requires states to review LEAs for compliance with the school choice and SES provisions and outline requirements for school choice and SES parental notification letters. Local education agencies must promptly provide parents of each student enrolled in a school identified for improvement with notice that includes, among other things, (1) an explanation how the school compares in terms of academic achievement to other schools served by the local educational agency and the State educational agency involved; (2) an explanation of how the school identified for school improvement is addressing the problem of low achievement; and (3) an explanation of how the parents can become involved in addressing the academic issues that caused the school to be identified for school improvement. Additionally, LEAs are required to publicize and disseminate the results of the annual AYP progress review to parents, teachers, principals, schools, and the community.

Local education agencies are also required to provide, at a minimum, annual notice to parents of (1) the availability of services and how parents can obtain the services for their child;

(2) the identity of approved providers within or near the LEA; and (3) a brief description of the services, qualifications, and demonstrated effectiveness of each provider. The state, LEA, or school is required to provide information to parents directly, through such means as regular mail.

By not including this information in school choice and SES parental notification letters, some of the LEAs we sampled did not comply with Section 1116 of NCLB and 34 C.F.R., which list the required information for parental notification letters. As a result, parents may not have been fully informed about the status of their child's school and may not have been able to make a fully informed decision whether to transfer the child to another school or receive SES.

Recommendation

The Department should direct LEAs to enhance public notification of how the low performing school compares in terms of academic achievement to other schools served by the LEA. The notification should also discuss what schools identified for improvement are doing to address the problem of low achievement, and how parents can become involved in addressing the academic issues that caused the school to be identified for improvement.

The Department also should explore ways to improve the SES letter by consistently identifying providers and describe the qualifications and evidence of effectiveness for each provider. This may include stating the number of service hours each is willing to provide based on their fees.

Finding 2- Certain LEAs we sampled lacked adequate internal controls over the payment process for provider invoices.

Although all LEAs require the provider to submit monthly invoices accompanied by attendance records and progress reports, the signature requirements to verify student attendance were not consistent. Gadsden and Wakulla require that the tutor sign the attendance form for each student. Dade and Leon require that the student initial their own attendance sheets. Only

Broward and Hillsborough required parent signatures to verify attendance and duration of tutoring sessions.

Based on our review of the invoice payment processes, we found that five of the six LEAs we sampled (Dade, Gadsden, Hillsborough, Leon and Wakulla) did not have written internal procedures for the review and payment of provider invoices that were formalized and in use during the audit period. Broward provided a procedure from 2007-2008 that discusses the process of reviewing a provider invoice and the required parent signature confirming student attendance. Hillsborough and Leon provided procedures that were subsequently prepared during the 2008-2009 school year. The LEAs' SES contracts require the providers to submit invoices and student attendance records. However, an internal operating procedure that the Title I staff can use in their review and approval of invoices was not prepared for 2007-2008.

Written procedures provide greater consistency in operations and establish internal controls over business activities. Such procedures provide a record of approved processes that can serve as a training tool for new employees.

Federal regulations contain the standards for financial management systems that apply to LEAs receiving Federal grant funds. Code of Federal Regulation § 80.20(b)(3), addresses internal control, and states that "effective control and accountability must be maintained for all grant and sub grant cash, real and personal property, and other assets." The LEAs must have internal control procedures, such as attendance verification and written procedures in place to ensure the appropriate use of Title I funds for SES.

The districts mentioned above primarily offer SES to elementary and some middle school students. Having students initial attendance reports to support provider billing is a weak control and does not provide sufficient assurance that services are provided. Although NCLB does not specify the review methods for provider invoices, students initialing their own attendance reports should not be relied upon for invoice payments.

Recommendation

The Department should advise LEAs to strengthen their internal control over payment of SES provider invoices to provide reasonable assurance that Title I funds are used to pay for services provided to eligible students.

Finding 3 – SES contracts were not in full compliance with NCLB requirements.

Contracts that the six sampled LEAs executed with SES providers during the 2007-2008 school year did not include all of the elements required by the applicable NCLB provisions. Additionally, some contracts did not provide a cap on the total amount of funding for tutoring services to students.

We noted the following in the contracts:

- 1) Four LEAs did not show the hourly rate that the providers charge (Dade, Broward, Leon and Wakulla). Since the hourly rates define the number of tutoring sessions, this information is relevant to parents selecting the best SES provider for their child's needs. Without knowledge of the provider hourly rates or the resulting number of service hours provided based on the rates, the parents were not afforded the opportunity to make a well informed decision on selecting a provider.
- 2) Although the contracts mentioned maintaining "fiscal" records for five years, they did not contain any references to the maintenance of other documents such as records of progress reports provided to parents or the results of student academic assessments. Additionally, although not a required element of NCLB, the contracts did not include a provision regarding incentives or awards to students as required by Section 1008.331, Florida Statutes.
- 3) With the exception of Gadsden School District, contracts in the LEAs sampled did not include a timetable for improving student achievement. In the case of students with disabilities, the student's individualized education plan is required by NCLB, Section 1116(e)(3)(A).

4) The SES contract used by Broward School District did not contain the following elements required by NCLB. NCLB references follow each element:

- Description of how the student's parents and teacher(s) will be regularly informed of the student's progress - Section 1116(e)(3)(B),
- Provisions for terminating the agreement if the provider fails to meet the goals and timetables - Section 1116(e)(3)(C),
- Provisions with respect to the LEA making payments to the provider for SES, which can include provisions addressing missed tutoring sessions - Section 1116(e)(3)(D), and
- An assurance that supplemental educational services will be provided consistent with applicable health, safety, and civil rights laws - Section 1116(e)(5)(C).

5) The SES contract used by Wakulla School District did not contain the following NCLB elements:

- How the student's progress will be measured - Sec. 1116(e)(3)(A),
- Description of how the student's parents and teacher(s) will be regularly informed of the student's progress - Sec. 1116(e)(3)(B), and
- Provisions for terminating the agreement if the provider fails to meet the goals and timetables - Sec. 1116(e)(3)(C).

6) The Hillsborough School District contract did not include a description of how parents and teacher(s) will be regularly informed of the student's progress per Section 1116(e)(3)(B).

7) The Leon School District contract did not discuss how student's progress will be measured and did not include a provision with respect to the LEA making payments to the provider for SES.

Recommendation

The Department should instruct LEAs to ensure that their contracts with SES providers contain

all elements required by NCLB Section 1116. Specifically, the contract should include terms that address:

- the records that need to be maintained to demonstrate compliance with contract terms and Federal requirements,
- how billing and payment will be handled,
- the required signatures for the attendance records,
- the hourly fees that providers charge, or the number of service hours which can be provided based on fees, and
- a provision that providers and/or LEAs notify parents during provider selection process of service hours providers are willing to spend on each student based on the fees and funding available per student.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge Department staff for their assistance during the course of this review. Our fieldwork was facilitated by the cooperation and assistance provided by all personnel involved.

FLORIDA DEPARTMENT OF EDUCATION



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MEMORANDUM

DATE: June 22, 2009

TO: Ed Jordan, Inspector General

FROM: Frances Haithcock, K-12 Chancellor

CC: Martha Asbury, Nikolai Vitti, Lisa Bacen

SUBJECT: Audit of Supplemental Educational Services (OIG 08/09-02A)

This memorandum provides response to your audit of Supplemental Educational Services and the recommendations contained in your report dated May 21, 2009, Audit Number 08/09-02A.

I would like to thank you and the audit staff for working with the Bureau of Student Assistance throughout the audit process. We hope that as a result of your audit recommendations, the changes made in processes and procedures will result in highly effective and efficient delivery of Supplemental Educational Services (SES). Following are the Findings, Recommendations, and Responses.

Finding 1 - Certain Local Education Agencies reviewed did not comply fully with the parental notification provisions of NCLB.

Recommendation: The Department should direct Local Educational Agencies (LEAs) to enhance public notification of how the low performing school compares in terms of academic achievement to other schools served by the LEA. The notification should also discuss what schools identified for improvement are doing to address the problem of low achievement, and how parents can become involved in addressing the academic issues that caused the school to be identified for improvement.

DR. FRANCES HAITHCOCK
CHANCELLOR OF PUBLIC SCHOOLS

The Department also should explore ways to improve the SES letter by consistently identifying providers and describe the qualifications and evidence of effectiveness for each provider. This may include stating the number of service hours each is willing to provide based on their fees.

Response:

The Department will update its parent notification templates to ensure all required elements are included and clearly delineated. In addition, the Department will review all district templates of such letters prior to dissemination and will strengthen its review of district letters during the monitoring process. Finally, as part of the monitoring process, the Department will require that all districts send dated copies of parent notifications related to choice with transportation and SES and will review said copies to ensure that parents are fully aware of the improvement status of their child's school and are able to make informed decisions about whether to transfer their child to a higher performing school or participate in SES.

You also recommend that the Department direct LEAs to enhance the notification component pertaining to "how the low performing school compares in terms of academic achievement to other schools served by the LEA." The Department contends that the current template and letters reviewed provide this information in a parent-friendly manner. The Department's suggested language for this component is, "Compared to other schools in the district _____ school has less students doing well in reading/mathematics/writing." We feel that this statement is easily understandable by parents and provides concise information about how the school compares to other schools in the LEA in regard to academic achievement. It was suggested that we require districts to provide a listing of the academic achievement of all schools in the district. The Department will encourage LEAs to include a chart that, at the minimum, provides the percent of students scoring proficient in reading and mathematics at the school compared with the percent proficient in the LEA and state as a whole, as recommended in the US Department of Education's recent guidance on parent involvement and notifications.

Finally, you recommend that the Department include, in its template, information about the qualifications and effectiveness of providers by stating the number of service hours each provides. The Department is collecting information regarding those providers that will offer SES for a minimum of 20 hours and will report that information in its provider directory available for district and parent use.

Finding 2- Certain LEAs we sampled lacked adequate internal controls over the payment process for provider invoices.

Recommendation: The Department should advise LEAs to strengthen their internal control over payment of SES provider invoices to provide reasonable assurance that Title I funds are used to pay for services provided to eligible students.

Response:

The Department has provided guidance to LEAs on contract terms for provider payment for services, including verification of attendance records, in its Contract Management Technical Assistance Paper. However, due to variations in district legal and contractual requirements, variations do exist regarding controls over the payment process for providers. The Department will revise its guidance to include a menu of specific strategies that LEAs must use to verify attendance, including, as recommended, parent signatures. However, given the complications of having parents sign attendance records, the Department

will include additional guidelines for improving internal controls, such as district verification procedures and notarization. In addition, the Department will strengthen its monitoring process of providers to ensure that services are appropriately rendered before payment.

Finding 3 – SES contracts were not in full compliance with NCLB requirements.

Recommendation: The Department should instruct LEAs to ensure that their contracts with SES providers contain all elements required by NCLB Section 1116. Specifically, the contract should include terms that address:

- **the records that need to be maintained to demonstrate compliance with contract terms and Federal requirements,**
- **how billing and payment will be handled,**
- **the required signatures for the attendance records,**
- **the hourly fees that providers charge, or the number of service hours which can be provided based on fees, and**
- **a provision that providers and/or LEAs notify parents during provider selection process of service hours providers are willing to spend on each student based on the fees and funding available per student.**

Response:

The Department is in the process of updating its Contract Management Technical Assistance Paper and sample contract to ensure that all elements are included. In addition, the Department will strengthen its current review process of all LEA contracts during the LEA application process and will ensure thorough review of contracts during the monitoring process.