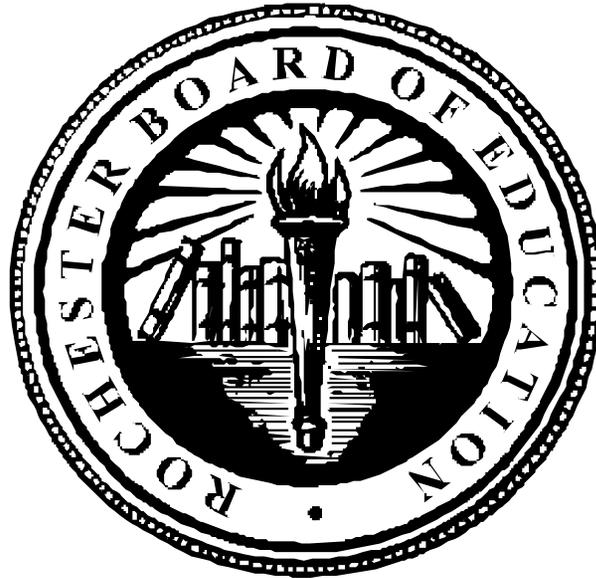


OFFICE OF AUDITOR GENERAL



Grants – Supplemental Educational Services FOLLOW UP

June 2012



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Grants – Supplemental Educational Services Executive Summary

OBJECTIVE

To evaluate the operating control environment supporting Federal Title I Supplemental Educational Services (SES) administration and related activities to achieve funding objectives.

BACKGROUND

Title I SES is intended to increase academic achievement for eligible students in low performing schools. The Title I SES revenue set aside for the 2010-11 school year was approximately \$5.7M. The SES services are provided by independent service providers (providers) that are approved by the New York State Education Department for tutoring. The Title I Office is assigned as the Project Manager to ensure that expenditures are in compliance with mandated federal and state regulations. In the case of Supplemental Educational Services, the service providers maintain documentation and submit claims to the Title I Office for billing verification, compliance monitoring and processing claims (invoices) for reimbursement.

The Title I Office administers the SES program with one full time staff member and limited part-time support. These individuals are responsible for managing provider relationships, process administration, training, billing verification, site visits and reporting. Due to the limited resources assigned to this program, it is difficult to comprehensively perform all services.

SCOPE

To follow up on management's corrective actions taken on issues identified in our Audit Report issued June 2009. We will specifically evaluate operating procedures and controls implemented to address recommendations made to management in the original audit report.

CONCLUSION

Since our original audit, Management has improved its oversight of SES providers by implementing more comprehensive service contracts. Notably, the contract provides equity in the minimum number of tutoring hours that must be provided to students, regardless of the provider's contracted billing rates. Additionally, management has standardized provider attendance procedures and supporting documentation to ensure accuracy of billing. Considerable changes were made to the provider catalog. Revisions simplified key SES, provider information and presented it in a clear and comparable format to ease parent use. The District has developed a tool for comparing provider performance and publishes this information on the public website. However, this District's provider performance reporting is not available for all student grade levels.

Management has increased its SES program visibility through direct communication with school principals and participation at school open houses. As a result, the allocation utilized by the SES program has increased by \$1M. However, the program still has not developed direct communication to the Superintendent and Zone Chiefs to further maximize the SES Program. In May 2012, the US Department of Education approved NY's request for Elementary and Secondary flexibility from 2012 – 2014. In 2012 the District will offer an expanded learning option.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

Rec#	Follow Up Status	Recommendations
1	<i>PARTIALLY IMPLEMENTED</i>	<p><i>Develop, Communicate, and Enforce the following uniform SES standards:</i></p> <ul style="list-style-type: none"> • <i>Student attendance reporting</i> • <i>District-wide methods for measuring student assessment and improvement</i> • <i>Parent communications for SES providers.</i>
2	<i>COMPLETED</i>	<p><i>Simplify the content for the SES Provider catalog. Consider improving the appearance of the SES catalog by adding color using different fonts to create interest. Reorganize the catalog so that information is presented in a logical order. Reduce the amount of information provided to the essential facts necessary for parents to determine provider selection.</i></p>
3	<i>PARTIALLY IMPLEMENTED</i>	<p><i>Actively campaign and Engage school Personnel to increase consistent student participation in SES services. Obtain buy-in from the Superintendent, Chiefs, and Principals and Communicate tangible benefits of participation by school to increase attention and utilization of SES services.</i></p>
4	<i>COMPLETED</i>	<p><i>Eliminate the appearance of inherent bias in the SES provider selection process by selecting additional school based providers with school building access.</i></p>
5	<i>COMPLETED</i>	<p><i>Clearly communicate the average number of student tutoring hours available based on the negotiated SES provider rates to reinforce equity amongst providers. Include tutor qualifications and group size for parents to facilitate their understanding of the hours of tutoring service that will be provided based on their provider selection.</i></p>
6	<i>COMPLETED</i>	<p><i>Implement improved monitoring procedures to identify billing inconsistencies. At a minimum:</i></p> <ul style="list-style-type: none"> • <i>Perform enhanced provider billing analysis to identify additional improprieties in reporting.</i> • <i>Review the number of students served by tutor vs. group rate billed.</i> • <i>Work with the software vendor to automate the bill verification review.</i>
7	<i>OPEN</i>	<p><i>Implement consistent formal monitoring procedures for SES Providers and consider a standard form that includes various compliance features. Establish a plan to increase unannounced reviews of all providers over a designated timeframe. Evaluate ways to increase operating efficiencies in the Title I office, and then establish a plan that identifies the level of monitoring that can be performed within current staffing constraints. Obtain Senior management approval on the level of monitoring performed to ensure that agreement is obtained.</i></p>



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

Rec#	Follow Up Status	Recommendations
8	<i>COMPLETED</i>	<p><i>Establish and implement a comprehensive plan with appropriate timelines to improve Cayen functionality, provider training and reporting. Consider the following improvements:</i></p> <ul style="list-style-type: none"> • <i>Enable billing to allow tutors to report time for correct group sizes with participants working on multiple subjects.</i> • <i>Activate the same system controls for uploads that are available for manual billing.</i> • <i>Track and report historical dates of record creation and changes for student enrollment, SEP's, Progress reports, billing submission, billing approval and review.</i> • <i>Provide automated controls to reinforce billing verification issues.</i> • <i>Include vendor voucher ID in student invoice screen.</i> • <i>Reflect tutor certification on staff screen.</i>



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #1

Documentation Standards

While the District continually looks to improve the SES program, comprehensive formalized documentation requirements have not been developed for SES providers to facilitate monitoring of student attendance, assessments, and parent communication. The District does not have the ability to evaluate the adequacy of the SES Providers business plan; however they are able to communicate contractual expectations within federal guidelines.

Providers are expected to maintain attendance records for each session held. Standard expectations do not exist regarding documentation required to verify services received. Some providers require the student or guardian to sign evidencing services have been received, while other providers allow the tutor to take student attendance. If the tutor records student attendance, it provides the SES Provider with control over the services billed without independent verification of services from the recipient. This practice is problematic, since the tutor only gets paid if the student is present. Although we found no specific evidence of wrongdoing, we did identify inconsistencies during our review. The district should establish clear expectations regarding the independence required for reimbursement. This standard should be monitored by the Title I office when billing verification is performed.

Providers communicate student achievement based on participation in their respective tutoring session. All providers suggest that they are successful; however regulations allow each provider to determine the type of assessment that will be used to measure student achievement. Since there is no standard methodology to assess achievement, it is difficult to compare one provider against the next. It is also unlikely that a provider will perform an analysis that does not produce a favorable result. The Title I office communicated that they are unable to direct providers to utilize a specific assessment tool to measure achievement, based on SES regulations. Although this limitation exists, Title I is responsible for monitoring and reporting on the services provided. To facilitate this, Title I should establish standard criteria to compare the providers amongst each other and better assess the achievement rate. At a minimum, school testing information for all SES students could be obtained to assess improvement over the course of a school year.

The SES providers are required to maintain a certain level of contact with parents to ensure they are aware of the services being provided. Parents must initiate tutoring services and also approve the learning plan for the tutoring sessions. Documentation did not support parent approval of learning plans to acknowledge receipt. There was also a lack of evidence that progress reports are sent and received by parents, as required by NCLB. The District should contractually establish and monitor minimum standards to facilitate verification of these required services.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

RECOMMENDATIONS and FOLLOW UP

Develop, Communicate, and Enforce the following uniform SES standards:

- *Student attendance reporting*
- *District-wide methods for measuring student assessment and improvement*
- *Parent communications for SES providers.*

FOLLOW UP STATUS: PARTIALLY IMPLEMENTED

Uniform student attendance reporting has been implemented and all providers are monitored for compliance with attendance requirements monthly.

The District has implemented a standardized method of assessing student achievement based upon NYS ELA and Math scores for student's grades 3-8. A District based assessment of students in grades K-2 and 9-12 is in development but not yet implemented.

The District has established provider requirements for parent communications. Some communications are logged within the Cayen system and others consist of manual records maintained by the provider. The District performs unannounced site visits to observe provider delivery of services; however, site visit procedures are not sufficient to ensure that providers are complying with required parent communications. In addition, current procedures fail to define how long providers should retain evidence of parent communications for subsequent validation.

Due Date: October 1, 2012



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #2

Provider Catalog

The SES provider catalog is not produced in a format that is user friendly and informative to the average family. The District produces a SES provider catalog annually to notify parents of the various SES providers. On the first two pages of the catalog are detailed eligibility forms that must be completed for the services. The forms appear prior to communicating to the reader the purpose of the SES program and the content within the catalog. We noted that the welcome letter appears on the third page, which can only be read if the reader is not discouraged after first two pages of forms. We believe the catalog can be intimidating to the average parent with too many words and a lack of simplicity regarding a parent's service choices. On each page, the providers have a description of their program and statistics to inform the reader. The program descriptions are not simple and some use complex language understood by educators, but not the average family. We also noted that the catalog does not clearly state that the services are from NYS approved vendors and the District has no legal responsibility for the actions of providers.

RECOMMENDATIONS and FOLLOW UP

Simplify the content for the SES Provider catalog. Consider improving the appearance of the SES catalog by adding color using different fonts to create interest. Reorganize the catalog so that information is presented in a logical order. Reduce the amount of information provided to the essential facts necessary for parents to determine provider selection.

FOLLOW UP STATUS: COMPLETED

The 2011-12 Provider catalog has been reorganized and simplified for ease of parent use. A table of contents has been incorporated and is immediately followed by a welcome letter that clearly states student eligibility and parent choices. Applications are now colored and centrally located within the booklet for easy access and removal. Provider biographical descriptions have been limited and are edited to ensure clarity from a parent's perspective.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #3

Utilization of SES Funds

The District consistently under-spends the SES allocated funding annually, due to a lack of student participation. The SES program is based on voluntary participation of eligible students. In the 2008-2009 school year, 13,148 students were eligible for SES services; however, 3,384 (26%) students voluntarily enrolled. If all students received the maximum available services, funding would not be sufficient to cover SES services. Out of \$5.6M set aside for SES, \$3.5M was expended for SES services. Based on the enrollment trends and participation, increased attention should be given towards utilizing the program. Title I makes efforts to expose families to the SES services at various times during the year; however additional efforts are needed in this area.

We believe that the schools have the best opportunity to increase participation due to increased parent interaction. These SES services are intended to increase student achievement, but the level of participation hinders the achievement opportunity for eligible students. School Principals and teachers should strongly advocate to parents for all eligible students to access and fully utilize SES, to improve educational excellence. Additional attention, buy-in, and reporting at the Superintendent and Chief level could increase awareness at the school level regarding participation in SES services. Title I should work with the schools to increase communication to parents and providers and work to reduce any barriers or negative attitudes towards receiving tutorial services. Recognizing that the District has designated funding for SES services, additional efforts should occur to support this program. The District should seek to expend the SES allocated funding on tutorial services in an effort to improve student achievement. If specific concerns exist regarding the service from SES providers, feedback and monitoring should occur for providers in an effort to fulfill the spirit of this program. Increased efforts and a grassroots campaign should be utilized to increase participation. The dollars are so frequently under-spent that the District anticipates utilizing unspent SES allocations annually to supporting other Title I programs. We recognize that students could benefit from the other Title I programs, however the funding is mandated for individualized tutoring to improve achievement.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

RECOMMENDATIONS and FOLLOW UP

Actively campaign and Engage school Personnel to increase consistent student participation in SES services. Obtain buy-in from the Superintendent, Chiefs, and Principals and Communicate tangible benefits of participation by school to increase attention and utilization of SES services.

FOLLOW UP STATUS: PARTIALLY IMPLEMENTED

The Title I Office has increased communication of SES services to parents and schools through participation in community centered events. Since our audit, the SES program has increased its utilization of its allocated funds by 25%. On average, 78% of allocated program funds are expended on SES activities. We also noted that key SES program results are still not directly communicated to the Superintendent, Chiefs and Principals. The Office has developed and publishes some operating information such as, historical provider statistics and provider effectiveness results in Math and ELA, on the District's public website. We noted that the SES information published on the website is linked under Department/No Child Left Behind which may not be easy for parents and staff to find. Management should consider re-naming and/or relocating the SES information to be more easily identified.

Due Date: September 1, 2012



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #4

Provider Relationship

Some providers believe the school-based provider selection process does not provide fair and equitable access. School Based Planning Teams are able to select a minimum of two providers to offer services in their school. In most cases, two providers were chosen. There appeared to be a selection advantage for Dial-A-Teacher, an exclusive school based provider. They were the provider with the largest number of school programs and resided in 13 of the 19 schools. We noted, however that although they had many school locations, they were not provider with the largest number of students. Since the Principal and teachers are included on the planning team, they are able to choose a vendor based on a personal or school bias. Generally, the process appears biased, since many providers hire District teachers, who are part of the decision process. In the teacher's case, they could vote for an option in which a direct benefit (compensation) could be obtained. Some providers have the perception that they are not given an equal opportunity to provide services in the schools. For the 2009-10 school year, new regulations were established for equal access to all SES providers. As a result, if the provider does not have a facility or transportation it would be difficult for the provider to offer services. Title I should consider recommending an alternate method of selecting providers and/or increase the number of providers to eliminate the perception of impropriety. Providers should be granted a fair and impartial process for accessing school facilities for SES.

RECOMMENDATIONS and FOLLOW UP

Eliminate the appearance of inherent bias in the SES provider selection process by selecting additional school based providers with school building access.

FOLLOW UP STATUS: COMPLETED

SES providers seeking to utilize District buildings for delivery of services are no longer subject to the School Based Planning Teams that were perceived to be biased. Building Principals bear sole responsibility for authorizing facility access to providers. The SES Department provides Principals with guidance in evaluating providers seeking access, monitors the facility use process and acts as mediator if needed. Although, we noted that providers are not entitled to use District facilities for delivery of services and shall be treated as general public users. The SES Principal's training materials clearly communicate that all SES providers should have equitable access for attending school open houses, distributing materials and hiring staff.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #5

Rates

The District does not pay all providers the same hourly rate for similar services provided by tutors with similar qualifications. The District presents providers with a “local market share billing range” for SES services. If a provider believes the rate is not feasible, they are able to negotiate adjustments to their rate schedule. It is not clear that all providers understand and are provided with this flexibility. We were also unable to identify rate differences in consideration of additional services, such as transportation, local offices, and meals. It should be noted that all services provided were based on the vendors designated business plan and the final rate is accepted by each Provider. The Title I office has communicated that all providers have been told that rates could not be mandated. Enforcing billing rates inconsistently is contrary to the Federal SES guidelines section E-5 pg 24 which states that Local Educational Agencies are prohibited from imposing conditions that are more stringent than applied to other contractors and have the effect of limiting educational options.

Providers can determine their cost of service rates with the “understanding that services must continue until the end of the school year in which services are first received. However if the availability of funds and the intensity of services selected (i.e., the number of sessions per week) may limit the provision of services to a shorter period of time. In such case, the parent should be made aware of the anticipated duration of services and this information should be detailed in the child’s individual student agreement.” Per Federal SES guidelines section H-7 pg 35. We noted that Dial-A-Teacher had operating policies that cancelled or consolidated tutoring sessions if a certain number of students did not attend. They also ended tutoring services in early May, when the other providers were still providing services. We did not identify documentation that clearly communicated to parents the impact that the negotiated hourly rate has on the number of sessions that will be provided for any of the providers reviewed. This communication should appropriately occur when parents are given a choice of providers.

Although some level of structure should be established, equity is critical. We recognize that provider services and costs vary based on many factors. These types of decisions are up to each provider. The number of hours available for tutoring is based on a fixed amount of dollars available to each student. The differences in service hours, based on the Provider negotiated hourly rates should be clearly communicated to families when making their provider selection. We noted Iglesia Services provided several supplemental services such as transportation, open scheduling, and meals; however, their hourly reimbursement rate was not as high as some providers. We also noted that Iglesia continued to provide services and continues to attract students through the year-end even if they cannot be reimbursed.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

RECOMMENDATIONS and FOLLOW UP

Clearly communicate the average number of student tutoring hours available based on the negotiated SES provider rates to reinforce equity amongst providers. Include tutor qualifications and group size for parents to facilitate their understanding of the hours of tutoring service that will be provided based on their provider selection.

FOLLOW UP STATUS: COMPLETED

To foster equity in service delivery, the District has contractually obligated each SES provider to provide a minimum of 40 hours of tutoring per student regardless of their billing rate. The District contract also states that it shall not pay for SES in excess of the current SES per pupil allocation rate and that providers are prohibited from seeking payment or compensation of any kind from students, parents or guardians. This requirement is communicated to parents via the SES catalog and the SES enrollment notice that is sent home to parents prior to the start of SES tutoring. The revised SES provider catalog's 'providers at a glance' table now reflects providers with certified tutors and the 'provider descriptions' now reflects the number of students enrolled, number of students that received service and the average number of hours of instruction for the prior fiscal year for each provider.



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OBSERVATION #6

Provider Monitoring

The District does not adequately monitor provider reporting of student attendance or session group sizes. Providers billed and received payment for services at incorrect group rates that did not agree with the actual number of students serviced by the tutor. We noted that providers are able to submit claims (invoices) for serving students that do not align with contractual terms. Provider billing requires substantial review prior to District approval of the charges for SES services. Fortunately, the Title I manual invoice monitoring has been able to identify and disallow many of these claims. To improve the process and related oversight additional automated controls should be implemented to reduce the volume of disallowed claims and simplify the bill verification process.

In addition, the District allows providers to bill for old services that occurred more than 60 days prior. This is contrary to Title I's policy of restricting billing to a 60 day window of when services were provided. It also makes it very difficult to verify if the billing is accurate.

Dial-A-Teacher contract schedule B does not agree with RCSD billing rate sheet provided by District records. Iglesia's contract provides a fee for services of groups between 5-8 students; however, they are not authorized to service groups above 4 per NYSED provider summary as of 4/8/09.

Our testing noted the following significant concern:

- Providers billed and received payment for services at incorrect group rates.
 - 23 instances for Dial-A-Teacher
 - 2 instances for Iglesia
 - 1 instances for Murray

Attention to this problem should occur to reduce the frequency of billing wrong group rates. The District should systematically restrict providers from billing for services rendered prior to the current billing period to facilitate billing review. Title I should also periodically perform additional automated analysis for reasonableness to validate billing accuracy in addition to the regular manual billing review process. Lastly, the District should monitor provider group sizes for compliance with NYSED authorization.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

RECOMMENDATIONS and FOLLOW UP

Implement improved monitoring procedures to identify billing inconsistencies. At a minimum:

- *Perform enhanced provider billing analysis to identify additional improprieties in reporting.*
- *Review the number of students served by tutor vs. group rate billed.*
- *Work with the software vendor to automate the bill verification review.*

FOLLOW UP STATUS: COMPLETED

The District has enhanced its review of provider billing for SES services. Detailed provider invoice data is now exported from the Cayen system and is analyzed using Excel and MS Access to identify billing improprieties. The review entails validating provider certifications, session times, group size limits, student and teacher overlapping sessions. The District sample tests each provider monthly to ensure that actual provider attendance records align with billed sessions including validating actual group size to group rate billed.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #7

Site Visits

District provider site visits are not sufficient to ensure services are being provided to our students in accordance with NCLB and NYSED requirements. During the 2008-2009 school year the Title I office performed 4 informal site visits, which is insufficient for monitoring in excess of 20,000 tutorial sessions. Currently, there is one staff person responsible for the SES program. We recognize the most significant driver for the number of visits is the lack of resources dedicated to the SES Program. Management should evaluate if additional resources can be identified to support the administration of the SES program. If additional resources do not exist, management should identify how to periodically perform significant tasks within current staffing constraints. Increased automation in the billing review process may be one way to improve efficiency. In addition, the current site visit criteria appear to be based on an open-ended evaluation of the site in lieu of specific SES administrative requirements. The District should perform frequent unannounced site visits to reinforce the District's vested interest in students receiving quality SES services. It also reinforces to vendors that contractual provisions must be complied with and will be monitored. District should ensure providers are evaluated on compliance with NCLB and NYSED SES requirements.

RECOMMENDATIONS and FOLLOW UP

Implement consistent formal monitoring procedures for SES Providers and consider a standard form that includes various compliance features. Establish a plan to increase unannounced reviews of all providers over a designated timeframe. Evaluate ways to increase operating efficiencies in the Title I office, and then establish a plan that identifies the level of monitoring that can be performed within current staffing constraints. Obtain Senior management approval on the level of monitoring performed to ensure that agreement is obtained.

FOLLOW UP STATUS: OPEN

The frequency of unannounced site visits performed has increased significantly. However, the type of evaluations being performed has not changed since our initial audit. Current site visit forms and procedures still do not spell out specific compliance criteria to ensure that reviews performed are consistent and comprehensive of essential SES requirements. Management still lacks Senior Management approval of the monitoring performed. Periodically management should formally document key operating outcomes including results of site visits for distribution to Senior Management and evaluation of program performance.

Due Date: September 1, 2012



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

OBSERVATION #8

Cayen SES System

The District utilizes a purchased software product (Cayen) to facilitate management of the SES program. The Cayen SES database was not fully implemented and functional during its first year of implementation. Providers are able to purchase and utilize the system to simplify monthly billing and have upload capability. Providers expressed concerns about their understanding of system functionality. Additional training, functionality and development are necessary to ensure efficiency and accuracy in billing and reporting. For instance, some system settings were not accurate or feasible (i.e. per pupil allocation rates, billing cut offs) to support system use. Providers communicated that Cayen training was insufficient prior to implementation, although it was a good improvement over the manual process. The Title I office believes that sufficient training was provided although the vendor had to conduct a second session to make up for a lack of functionality at the first session. Regardless, we believe that additional training should be offered to improve the Providers perception and utilization of the system.

Concerns were noted in the following areas:

- Tutors have difficulty generating education plans and assessments.
- Providers cannot accurately report billing time and ratios for multiple students to tutor sessions.
- Providers can copy billing information including rates, which may be inaccurate. The burden is on the District to identify erroneous errors.
- Cayen billing uploads bypass system controls that are in place for manual billing.
- Invoices cannot be exported into Excel for analysis.

System controls or exception reports that facilitate program monitoring, billing, provider deadlines, program thresholds and student achievement of goals should exist to best utilize the system investment. Additional training can also facilitate system efficiencies.



Grants - Supplemental Educational Services Observations, Recommendations and Action Plans

RECOMMENDATIONS and FOLLOW UP

Establish and implement a comprehensive plan with appropriate timelines to improve Cayen functionality, provider training and reporting. Consider the following improvements:

- *Enable billing to allow tutors to report time for correct group sizes with participants working on multiple subjects.*
- *Activate the same system controls for uploads that are available for manual billing.*
- *Track and report historical dates of record creation and changes for student enrollment, SEP's, Progress reports, billing submission, billing approval and review.*
- *Provide automated controls to reinforce billing verification issues.*
- *Include vendor voucher ID in student invoice screen.*
- *Reflect tutor certification on staff screen.*

FOLLOW UP STATUS: COMPLETED

System functionality has been improved and/or mitigating management controls have been implemented to reasonably close the audit concerns noted.