

OFFICE OF AUDITOR GENERAL



External Education (Agency Tuition)
Audit Report

April 9, 2010



External Education (Agency Tuition) Executive Summary

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External Education (Agency Tuition) Executive Summary

OBJECTIVE:

To evaluate the operating control environment supporting external tuition as it pertains to RCSD students, including our administration, and related activities.

BACKGROUND:

The External Education Department has oversight of the Committee on Special Education (CSE) process for all students placed by their parents in private/parochial schools, Charter Schools, Home School, the Urban Suburban program and students placed by the CSE in local BOCES or agency settings. Additionally, students who are placed by other agencies or the courts in detention or jails, and who are referred to the CSE or currently are recognized as a student with a disability, are the responsibility of External Special Education as it pertains to the IEP, the CSE process or Section 504. Each one of these placements is governed by specific and different NYS regulations and must be complied with. There are approximately 525 students per year enrolled in these agencies and BOCES programs, but in total for External Education in all programs, it is approximately 800 students. The addition of students who are placed in facilities other than the RCSD CSE, brings the number of students to over 1,000. This population is highly mobile, as placements change and is influenced by non-educational factors. External Education holds all CSE meetings for annual reviews, initial eligibility referred by parents for students in private and charter schools, changes in programs as requested by parents and manifestation hearings for suspension. External Education has oversight over the CSE activity for students who are considered to be 'incarcerated youth'. These responsibilities include the identification, evaluation and supervision and coordination of service delivery after the student has been accepted into a non RCSD program. External Education facilitates the placement of students into the agencies and BOCES programs and convenes CSE.

Agencies are under contract to provide Special Education, speech and language services, occupation therapy, counseling and consultative services in strict accordance with the student's Individualized Education Plan (IEP). External Education Department's role is to monitor suspensions, attendance, requested reviews, and evaluations for all externally placed students. Specialized Services facilitate the agencies & BOCES tuition payments.



External Education (Agency Tuition) Executive Summary

SCOPE:

This audit will evaluate the effectiveness of the internal controls such as policies and procedures related to External Tuition, oversight of the services we provide to them, and associated costs and payments made to them. We will determine if adequate controls have been implemented.

CONCLUSION:

Formal protocols and procedures for the entire External Education process are needed to facilitate consistent outcomes. Compliance monitoring for students placed at agencies should be formalized to ensure that outsourced services are performed in compliance with Student Individualized Education Plans. Monitoring of agency contracts, bill automation and specific contractual language regarding service and reporting expectations will assist with effective monitoring. Internal communication processes should be established to ensure that all necessary parties are informed regarding student service changes that will cause adjustments to monthly payments. Although district students are placed in specialized programs at agencies, the district remains responsible for the student's education and as a result, must ensure that services are adequately performed.



**External Education (Agency Tuition)
Summary of Recommendations**

Rec#	Recommendations
1	<i>Develop protocols and procedures for the entire External Education process, including billing verification. Communicate and enforce compliance with the formalized protocols and procedures once implemented.</i>
2	<i>Establish a formal evaluation process including comprehensive student analysis to evaluate district program offerings against services outsourced to agencies. If feasible, provide additional student programs to meet the needs of Special Education students currently enrolled at agencies. Identify, develop and implement reporting that includes relevant information that should be monitored to facilitate effective management of External Education.</i>
3	<i>Designate responsibility for monitoring agency contracts and ensure that contracts remain current with specified service and reporting expectations. Implement effective monitoring procedures to ensure that agency services are executed as required by regulations and IEP plans. Consider including: required meeting attendance, audit capability, reporting requirements for service logs and progress reports.</i>
4	<i>Actively work with agencies to obtain bills in an electronic format to simplify monitoring. Determine the feasibility of designating responsibility for bill monitoring to the External Education department and create a standard process to log student changes throughout the year for billing verification.</i>
5	<i>Create a formal communication process for key communications to departments involved in processes in support of students with agency placements. These processes should include, but not be limited to: program availability, student enrollments and transfers, transportation changes, and Medicaid eligible placements.</i>
6	<i>Establish a comprehensive process to ensure that RCSD students enrolled at agencies have a clear affiliation for extracurricular activities and graduation requirements. Also, ensure that secondary transcript information is entered in Chancery on an annual basis.</i>



External Education (Agency Tuition) Summary of Recommendations

Rec#	Recommendations
7	<i>Establish, communicate and implement effective procedures to monitor RCSD Special Education students at agencies. At a minimum, implement procedures that ensure attendance is monitored, disciplinary reviews and suspensions are evaluated and recorded, students waiting for placement and transfers are monitored, and progress reports from agencies are monitored and reviewed.</i>



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #1

Protocols and Procedures

There is a lack of formal, comprehensive protocols and procedures for the External Education process. There are no desk procedures that communicate how to perform daily responsibilities for managing external education students or processing agency tuition payments. Documented operating protocols and desk procedures would help maintain business continuity for staffing changes and unplanned absences. A protocols and procedures manual should be detailed, comprehensive and current to ensure consistent application and compliance with operating practices. Written and communicated protocols would enhance the consistency of recorded data, consistency in the handling of transactions, ensure business continuity, and aid in holding employees accountable for the work performed.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop protocols and procedures for the entire External Education process, including billing verification. Communicate and enforce compliance with the formalized protocols and procedures once implemented.

Management Responses: The development of a procedures manual for the Department of Specialized Services, including External Special Education, is already underway. All components of district special education-related procedures need to be created at the same time, as they are extremely inter-dependent upon one another. The roll-out of the procedures will occur once the manual is completed, and will include professional development across multiple sectors of the organization. Compliance with the procedures is the responsibility of the Associate Director of External Special Education.

Responsibility: Shirley Green, Executive Director Special Education; Marguerite Bates, Director of Administration and Compliance; Claudia Paine, Associate Director of External Special Education; Cathy Peets, Principal Budget Analyst

Due Date: June 30, 2011



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #2

External Education Program Monitoring

A comprehensive evaluation of Special Education programs is not performed to identify the needs of RCSD students placed at agencies. It was communicated during our review that evaluations have occurred in the past to determine if additional district programs would be prudent based on student need. We were unable to determine if a comprehensive evaluation has been performed recently to ensure program offerings are comprehensive. Approximately 500-550 students are placed outside of the district for specialized education services annually. This number has remained fairly consistent for the past seven (7) years, although overall enrollment and Special Education numbers have declined. These placements are very costly and average \$40,000 per student per year. We recognize that the programs at the agencies are specialty programs, but it was not evident that an evaluation was performed to determine if the district should provide additional services. A formal decision analysis should be performed to identify what types of programs are utilized for district students placed externally. This analysis could identify groups of students with similar needs for which the district has no internal programs.

We were unable to obtain standard management reporting that communicated operating performance for key external education areas. For example, there was no analysis of student needs, attendance reporting, suspension monitoring, students waiting for placement, agencies the frequently reject students, or common reasons for rejections. Standard reporting would facilitate more effective management.



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #2 RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish a formal evaluation process including comprehensive student analysis to evaluate district program offerings against services outsourced to agencies. Compare and contrast components of external program sites that the district is lacking. If feasible, provide additional student programs to meet the needs of Special Education students currently enrolled at agencies. Identify, develop and implement student reporting that includes relevant information that should be monitored to facilitate effective management of External Education.

Management Responses: The administration began this type of analysis in January 2009 when it conducted an in-depth, individualized review of all secondary students who attended Monroe BOCES 1 programs. As a result of that work, some students returned to in-district programs that were redesigned to support highly specialized needs. The department of External Special Education, in partnership with the Associate Director of Special Class Programs, will continue to conduct these types of analyses. Development of a standard analysis of student need and programming provided in programs not available within the district will occur. Recommendations to the Division of Teaching and Learning regarding the identified programmatic needs will be provided. Monthly data will be captured and supplied to the Specialized Services Directors on the student profiles and numbers for new referrals to out of district programs.

Responsibility: Beth Mascitti-Miller, Deputy Superintendent for Teaching and Learning; Shirley Green, Executive Director Specialized Services; Laney Johnson, Associate Director of Special Class Programs; Claudia Paine, Associate Director of External Special Education

Due Date: Beginning November 15 and ongoing



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #3

Agency Contractual Agreements

District responsibility for managing agency relationships and agency accountability for services provided should be improved. When district programs cannot adequately meet the needs of a student, services are fulfilled by external agencies. For reporting purposes, the district remains responsible for the student. In the past year, there were agency service contracts for Special Education students; however, the contract terms expired without district acknowledgement.

Although current contracts require compliance with the Student's IEP, defined deliverables and milestones were not specified in the contract. Reporting information to demonstrate the services provided, such as related service logs and progress reports are also not contractually specified. Contractual requirements from agencies should be outlined along with escalation processes should non-compliance occur. We believe the following requirements should be considered in the contractual language, either in the standard contract or as an attachment:

- Requiring agency attendance for student evaluation meetings.
- Provide the district with a right to audit agency records clause.
- Specify deliverables expected from agencies such as service logs and progress reports.

Contractual agreements should be comprehensive to ensure expectations are clearly defined, measurable and accountability is established. A lack of clearly defined parameters makes it difficult for the district to monitor services provided by agencies and hold the agencies accountable for service delivery.



External Education (Agency Tuition) Observations, Recommendations and Action Plans

RECOMMENDATIONS and MANAGEMENT RESPONSES

Designate responsibility for monitoring agency contractual agreements and ensure that contracts remain current with specified service and reporting expectations. Implement effective monitoring procedures to ensure that agency services are executed as required by regulations and IEP plans. Consider including: required meeting attendance, audit capability, reporting requirements for service logs and progress reports.

Management Responses: The revision of the Agreements between the District and the external agencies is near completion. In working with the Department of Law, the Department of External Special Education evaluated District's needs in the areas of compliance and monitoring, and has already considered the extent to which attendance, suspensions, report cards, progress reports etc., should be incorporated into the Agreements. Additionally, Medicaid requirements were taken into consideration.

The Department of External Special Education is responsible for monitoring the terms and conditions of the contracts; and for ensuring that the agencies provide the services in accordance with each student's IEP. New York State law also imposes requirements for IEP compliance on agencies, and SED and OMH conduct compliance reviews of the agencies on a regular basis.

Responsibility: Shirley Green, Executive Director Special Education;; Claudia Paine, Associate Director of External Special Education

Due Date: October 31, 2010



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #4

Verification of Statements

Agency billing statements are received in paper format and are manually reviewed for approximately 500 students. Each student's billing information is also manually entered in an Excel spreadsheet, which is used for internal monitoring purposes. This process would gain significant efficiencies through automation. If the statements were received electronically, the review and comparison could be streamlined. Considerable time is spent reviewing and entering agency billing statement information by an individual who is not within the External Education program. Any questions or anomalies must be referred to the External Education program for resolution, since they are responsible and knowledgeable about the students placed externally. In addition, there is no standard method of tracking student changes that occur during the month. From July to December 2010, agency billing statements totaled approximately \$12 million of which a total of \$56,000 in discrepancies was noted. Management should consider moving responsibility for bill reviews to the External Education management which may allow more comprehensive monitoring. This change may result in identifying resources to perform other analysis required for the Special Education organization.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Actively work with agencies to obtain bills in an electronic format to simplify monitoring. Determine the feasibility of designating responsibility for bill monitoring to the External Education department and create a standard process to log student changes throughout the year for billing verification.

Management Responses: The administration will take this recommendation under review and will work with the Business Office to develop a communication protocol, including, but not limited to monthly meetings, and will begin work on this on September 1, 2010 with procedures for changes to the current process fully operational by the end of the 2010-11 school year. The CFO will respond under separate cover.

Responsibility: Joyce Martelli, CFO; Cathy Peets, Principal Management Analyst for IDEA; Claudia Paine, Associate Director of External Special Education

Due Date: June 30, 2011



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #5

District Communication

Improved communication is required between various district departments involved in providing services to students enrolled at agencies. In order to perform the various administrative functions associated with an agency placement, information may be utilized by Student Equity and Placement, the Project Administrator, Transportation, Special Education Zone Directors and Medicaid. Obtaining an improved understanding of the information available and required to perform administrative functions and developing a formal communication process would facilitate timely and accurate processing. Examples of areas that should have formal communication protocols include: availability of district programs, new agency placements, special arrangements for student placements, student placements to agencies, and student transfers. When these key communications are not formalized, departments work inefficiently in isolation, without adequate information to perform job responsibilities. We noted instances in which students transferred from agencies, however, the transfers were not known by all relevant areas in the organization. We also noted that Medicaid claims are not submitted for several agencies since arrangements have not been made to obtain required supporting information. Improved internal communications can improve organizational efficiency.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Create a formal communication process for key communications to departments involved in processes in support of students with agency placements. These processes should include, but not be limited to: program availability, student enrollments and transfers, transportation changes, and Medicaid eligible placements.

Management Responses: We will establish a cross functional team to discuss the various types of communications that each department requires for their respective jobs and make any appropriate adjustments to the communication protocols. These changes may include a tracking log for highly-mobile students and more frequent communication with the agencies regarding Medicaid.

Responsibility: Shirley Green, Executive Director Special Education; Marguerite Bates, Director of Admin. and Compliance; Claudia Paine, Associate Director External Special Education

Due Date: November 1, 2010



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #6

RCSD School Affiliations

A formal process to affiliate students enrolled at agencies with district secondary schools does not exist. We obtained a guideline for graduation alignment during our audit; however, it is not clear that the document is accepted on a district-wide basis. The district remains responsible for agency students even though primary education has been outsourced to a third-party agency. When the student wants to participate in extra-curricular activities or is ready to graduate, an existing secondary program is selected to perform these activities. This is only performed on an as-needed basis. It was also communicated that student transcript information is not maintained in the student information system until the student is ready to graduate. Since a formal affiliation does not exist until needed, there is a lack of visibility of these students to the school that will be ultimately responsible for recording the students' sports or extracurricular offerings to the agencies from an RCSD school.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish a comprehensive process to ensure that RCSD students enrolled at agencies have a clear affiliation for extracurricular activities and graduation requirements. Also, ensure that secondary transcript information is entered in Chancery on an annual basis.

Management Responses: The External Education Administration does not agree that there is a need for a clear affiliation between agency-placed students and specific in-district schools. There has not been an issue with students being denied extra-curricular access. As student interest is expressed, collaboration occurs with the Department of Health and Physical Education. The Office of Accountability will identify the best methodology for establishing formalizing RCSD School Affiliations with external agencies. This methodology will ensure that graduation affiliations are consistently aligned. Student Equity and Placement will establish a process to ensure that grades for students placed at agencies are entered in Chancery, the student management system of record at least annually.

Responsibility: Claudia Paine, Associate Director of External Education; Carlos Cotto, Executive Director of Health and Physical Education; Jeanette Silvers, Chief Accountability Officer; Gladys Pedraza-Burgos, Chief, Youth Development and Family Services, Joe Capezzuto, Director of Student Equity and Placement

Due Date: December 31, 2010



External Education (Agency Tuition) Observations, Recommendations and Action Plans

OBSERVATION #7

Agency Monitoring

Monitoring procedures are not in place to ensure that RCSD Special Education students placed at agencies are receiving mandated services and administrative support in compliance with laws and in alignment with RCSD expectations. In the Federal Part 300 D Regulation, it states that the public agency is ultimately responsible for implementation of the student's IEP. In order for this to occur, the District should be more actively involved in monitoring the student's welfare. Specifically, procedures are not established to ensure that student attendance is appropriately monitored, disciplinary reviews and suspensions are evaluated and tracked, students waiting for placement are actively monitored, student transfers are managed, and progress reports are monitored and reviewed. Without procedures in these areas, it is difficult to properly monitor the student's services and fulfill the district's obligation for these Special Education services. Protocols and procedures should be established to facilitate monitoring agency student services.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish, communicate and implement effective procedures to monitor RCSD Special Education students at agencies. At a minimum, implement procedures that ensure attendance is monitored, disciplinary reviews and suspensions are evaluated and recorded, students waiting for placement and transfers are monitored, and progress reports from agencies are monitored and reviewed.

Management Responses: The administration agrees with these recommendations, all of which are already under consideration as we develop an internal procedures manual. (See Management Response to Recommendation #1.) Additionally, many procedures for the case management-related functions (i.e., monitoring students awaiting placements) already exist, using one of the tracking fields in IEP Direct.

Responsibility: Shirley Green, Executive Director Special Education; Marguerite Bates, Director of Admin. and Compliance

Due Date: November 1 and ongoing