



FLORIDA DEPARTMENT OF EDUCATION

Office of Inspector General



November 2009

Report No. 08/09-03A

Audit of Payments to Supplemental Educational Services Providers

Overview

Our audit disclosed that, for the 2008-2009 school year, each of the supplemental educational services (SES) providers reviewed provided services to eligible students in compliance with federal and state regulations and invoiced properly. We also determined that the school districts reviewed generally complied with the SES provisions of the No Child Left Behind (NCLB) Act and the implementing regulations. However, based on our review, we believe that monitoring at the school district level can be improved in most districts.



Our report presents management comments for continuing improvements that relate to school district monitoring of providers, internal controls related to provider payments, developing written operating procedures, and preparing SES contracts.

Objectives and Scope

Our objectives were to: 1) determine if SES services were delivered to enrolled students as described in the contract and as invoiced, 2) determine if funds were used for the purpose intended, and 3) evaluate the sufficiency and effectiveness of controls. The scope of the audit included information for the 2008-2009 school year. Three providers were selected from each of three school districts for examination.

Background

This audit follows a previously conducted SES program audit which found that improvements were needed in school district compliance with NCLB, internal controls over paying provider invoices, and contract development. 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), requires school districts 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. 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 adequate yearly progress in increasing student academic achievement for two consecutive years must provide parents of eligible children with the opportunity to either transfer the student to a

better performing school or receive tutoring that is free of charge to the parents.

Supplemental education services consist 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 and include subjects such as reading, language arts, and math.

SES 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 school districts. The provider delivers tutoring services to the child and reports on the child's progress to the parents and to the school district.

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.

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.

We selected a total of nine providers for review from three school districts: Broward (After School Programs, Rocket Learning and Sunshine Supplemental Educational Services); Dade (Club Z In-Home Tutoring, FELC Tutors, Inc., and Huntington Learning Center); and Leon (A to Z In-Home Tutoring, Boys & Girls Club of the Big Bend, and A Stepping Stone to Excellence).

To accomplish our objectives, we reviewed payments made to providers and examined student attendance records and other supporting documentation related to the payments. We interviewed Department and school district staff as well as SES provider representatives. To assess the propriety of the payment process, we tested the accuracy of payments for selected months made to selected SES providers in the

three school districts. The nine providers selected were among the highest paid providers in the state. We also reviewed Student Learning Plans, (SLP) Progress Reports and attendance records from 90 students served by the providers reviewed.

Information was gathered by reviewing procedures and program files, researching federal and state laws, 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 Broward, Dade, and Leon. This information was used to evaluate the nature and scope of school district oversight of SES providers.

Prior Review by OIG

The Office of Inspector General previously conducted a program audit that focused on the Department's level of compliance with the federal requirements of Supplemental Educational Services. The report entitled *Audit of Supplemental Educational Services* was issued in June 2009 (report # 08/09-02A).

That audit identified the following issues that were presented to management.

- Certain school districts reviewed did not comply fully with the parental notification provisions of NCLB.
- Certain school districts sampled lacked adequate internal controls over the payment process for provider invoices.
- SES contracts were not in full compliance with NCLB requirements.

In response to our recommendations, the Department has directed school districts to enhance public notification of how the low performing school compares in terms of academic achievement to other schools.

In addition, the Department is working to strengthen its review of school district parent notification letters during the monitoring process.

The Department has also provided guidance to school districts on contract terms for paying

providers for services and on the verification of attendance records in its Contract Management Technical Assistance Paper.

We noted conditions related to internal controls over the payment process and contract issues at the school districts visited during the current audit. The following management comments are provided to aid efforts to address these issues with the school districts.

Management Comments

- **Monitoring and Written Operating Procedures**

While we did not find evidence of improper billing, certain internal control elements could be improved in payment processing in two of the three districts reviewed; these controls would provide reasonable assurance that services paid for were received. Control elements identified where improvements are needed were monitoring activities and development of written operating procedures.

School districts should establish strong internal controls to safeguard SES funds and ensure that services paid for are received. Monitoring as a control should be structured and conducted regularly by the districts.

Written procedures are an essential component of the school district's internal control structure that help ensure compliance with federal and state laws, rules, and management directives. They should be routinely reviewed and updated to assist in controlling processes and provide direction to staff. Such procedures provide a training tool for new staff, and continuity and uniformity in operations.

Key processes that written operating procedures should describe include:

- Enrolling students
- Assigning students to providers
- Processing invoices for payment, including signature required for approval
- Reviewing invoices for accuracy
- Verifying student attendance
- Evaluating contractor performance

Broward School District

Broward conducts limited monitoring which does not provide assurance that SES funds are adequately expended. Broward does not review the student sign-in sheets, which are a vital support for the payment of invoices. Reviewing the student sign-in sheets is a strong control that helps deter inaccurate billings from the SES providers. In addition, Broward does not have written operating procedures for administering the SES program.

Leon School District

Leon does not have a monitoring system in place to ensure that providers maintain compliance with SES requirements and that services paid for are received. The school district does not conduct monitoring activities, including site visits for the period reviewed. School district representatives attribute this primarily to the lack of staff time available to oversee the SES program. Furthermore, Leon does not have written operating procedures for administering the SES program.

Miami-Dade School District

Miami-Dade displayed effective monitoring and controls for SES providers and school SES facilitators.

The school district employs part time staff to conduct parent surveys via phone in the evenings. The surveyor verifies student enrollment, attendance, and parent satisfaction with the tutoring received. Further, school district staff conduct monitoring site visits to providers. Technical assistance meetings with providers are held to discuss the use of the online reporting system, preparation of SLPs, and invoices. They also provide individual training for new tutors.

Miami-Dade has a comprehensive SES procedures manual for providers that addresses dual employment disclosure, finger printing and background checking, and invoicing. In addition, Miami-Dade prepared a manual for the school SES facilitator that discusses roles and responsibilities of the facilitator, the use of ID badges by provider employees and monitoring.

We noted that Broward and Leon do not conduct parent satisfaction surveys. Although not required by the Department, these surveys are helpful tools that districts can use to assess the validity and reliability of the information received from providers regarding student attendance.

The Department provides guidance to school districts through technical assistance papers in order to help them maintain compliance with SES requirements. The Department conducts monitoring activities of school districts and providers on a five-year cycle. Ongoing monitoring of the providers by the school districts is essential to ensure that providers remain in compliance with NCLB.

Recommendations

The Department should require all school districts to establish and implement monitoring programs and regularly monitor providers. Further, the Department should continue to provide quality technical assistance to encourage school districts to effectively monitor the implementation of the SES requirements.

The Department should encourage school districts to develop written procedures for key processes noted above, as well as other important processes they believe should be formally documented.

- **SES Contracts**

Contracts that the three selected school districts executed with SES providers during the 2008-2009 school generally complied with the elements required by applicable NCLB provisions.

We found that the SES contracts used by Broward and Dade were among the most complete, including the federally required elements in addition to other control safeguards such as marketing requirements and language that prohibits providers from completing SES enrollment forms.

One exception we noted was that SES contracts used by Broward and Leon did not contain an

assurance that supplemental educational services will be provided consistent with applicable health, safety, and civil rights laws as required by Section 1116(e)(5)(C), NCLB.

The three school districts reviewed do not notify parents of the hourly rate that the providers charge. Since the hourly rates determined 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.

The Department has updated its Contract Management Technical Assistance Paper to ensure that all elements are included.

Recommendation

The Department should continue to require school districts to ensure that their contracts with SES providers contain all elements required by NCLB Section 1116. The Department should consider a contract provision that providers and/or school districts notify parents during the provider selection process of service hours providers are willing to spend on each student based on the fees and funding available per student.

Other Observations

We reviewed samples of Student Learning Plans (SLPs), progress reports and student sign-in sheets for a total of 90 students in Broward, Dade, and Leon school districts. Although we often found the SLPs to be brief with broad language, they did contain the required elements and were consistent with the SES contracts. The SLPs included elements such as the achievement goals, services planned, evaluation, measurement and assessment tools.

Our review, in consultation with the Bureau of Student Assistance, showed that the SLPs and progress reports were adequate for all three school districts.

Though not a program requirement, the Broward School District progress reports demonstrated that SES providers were encouraged to complete student pre- and post-test assessments to measure increases in student achievement in the subjects tutored. These tests can be useful in obtaining impact data for progress reports, and in providing real-time feedback of SES provider efforts. Such information could improve SES staff decision making regarding the implementation of SES activities throughout the program year.

We compared the hours billed on the invoices with the hours reflected on the student sign-in sheets from October 2008 through May 2009. The dollar amount billed was consistent with student attendance and no deficiencies were noted.

During our meetings with the providers we learned that they are very knowledgeable of SES laws. A large number of the company administrators are current or former educators. The majority of the tutors that they employ are certified teachers while others meet the requirements for paraprofessionals set forth in Section 1119(c) of NCLB.

FELC Tutors conducts pre- and post-tests as well as tutor and parent surveys to evaluate the effectiveness of the program. The provider was able to demonstrate student learning gains in both reading and mathematics from tests conducted. FELC also conducts site visits to verify that services remain in compliance with state and federal requirements.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge staff in the Bureau of Student Assistance for their assistance during the course of this audit. Our fieldwork was also facilitated by the cooperation and assistance provided by the school districts we visited.

FLORIDA DEPARTMENT OF EDUCATION



Dr. Eric J. Smith
Commissioner of Education



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MEMORANDUM

DATE: November 13, 2009

TO: Ed Jordan, Inspector General

FROM: Dr. Frances Haithcock *FH/BA*

CC: Martha Asbury, Nikolai Vitti, Lisa Bacen

SUBJECT: Audit of Payments to Supplemental Educational Services Providers (OIG 08/09-03A)

This memorandum provides response to your audit of payments to Supplemental Educational Services and the recommendations contained in your report dated September 2009, Audit Number 08/09-03A.

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 Recommendations and Responses.

Monitoring and Written Operating Procedures

Recommendations: The Department should require all school districts to establish and implement monitoring programs and regularly monitor providers. Further, the Department should continue to provide quality technical assistance to encourage school districts to effectively monitor the implementation of the SES requirements. The Department should encourage school districts to develop written procedures for key processes noted above, as well as other important processes they believe should be formally documented.

The Department agrees that requiring school districts to establish and implement monitoring programs and to regularly monitor providers is integral to ensuring internal controls over the program. The Department will develop a technical assistance document for school districts that outlines the minimum

DR. FRANCES HAITHCOCK
CHANCELLOR OF PUBLIC SCHOOLS

November 13, 2009

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requirements for monitoring supplemental educational services. This document will also include guidance on the establishment of written procedures governing such monitoring. This information will be shared in writing, via conference call, and through meetings with school districts. The Department will include information on the monitoring of the following key processes outlined in your report:

- Enrolling students;
- Assigning students to providers;
- Processing invoices for payment, including signature required for approval;
- Reviewing invoices for accuracy;
- Verifying student attendance; and
- Evaluating contractor performance.

SES Contracts

Recommendation: The Department should continue to require school districts to ensure that their contracts with SES providers contain all elements required by NCLB Section 1116. The Department should consider a contract provision that providers and/or school districts notify parents during the provider selection process of service hours providers are willing to spend on each student based on the fees and funding available per student.

The Department will continue to require that school district contracts with SES providers contain all required elements and will encourage districts to include a provision related to the minimum number of service hours stipulated in the provider application. The Department has established information dissemination techniques related to the minimum number of hours of service that providers will offer students. This dissemination will continue in the coming school years. In addition, the Department will ensure, through its monitoring process, that contract requirements are implemented as agreed upon by providers and school districts.

FH/lb

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