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December 30, 2010

Dr. David Steiner
Commissioner
NYS Education Department
State Education Building - Room 111
89 Washington Avenue
Albany, NY 12234

Re: Report 2010-F-34

Dear Dr. Steiner:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the State Education Department to implement the recommendations contained in our audit report, *Accuracy of Graduation and Dropout Data in Annual Report Cards for Selected High Schools* (Report 2008-S-45).

Background, Scope and Objectives

The No Child Left Behind Act of 2001 (Act) requires that public schools report performance information to the public. Under the Act, the New York State Department of Education (Department) reports high school graduation rates to the public through an annual report card for each public high school in the State. The report cards include summary information for students at each high school such as the number and percentages of students who graduated, dropped out, earned an Individualized Education Program (IEP) diploma (e.g., special education students), or transferred to a General Educational Development (GED) program (e.g., a high school equivalency preparation program). The report card enables parents to see the data for their children's school and how it compares to other schools in the State.

The report cards are prepared based on information furnished by the schools to one of the 12 Regional Information Centers (RICs). The RICs feed demographic, enrollment, assessment and other information into the Department's Student Information and Repository System (System). The information on the System can be reviewed by school district personnel through a website tool, the New York Statewide Testing and Accountability Reporting Tool or NYSTART. NYSTART allows school officials to verify that data for their school was uploaded into NYSTART and to view their report cards before they are made public. The Department requires each school district

superintendent to review the information in NYSTART and certify a verification report that the information is accurate prior to the release of the report card.

During our original audit, the definitions schools should use when classifying students as graduates, dropouts and transfers and the student documents the school must retain were included in the Department's System for Tracking Education Performance Manual. This manual was replaced by the Department's Student Information Repository System Manual in the 2006-2007 school year.

Our initial audit report, which was issued on March 26, 2009, determined if report cards issued by the Department showing selected high school graduation and dropout-related data were accurate. Our second objective was to determine if the Department has sufficient controls in place to ensure schools provided accurate information for the report cards. We found that the graduation rates reported by 2 of the 12 schools we audited were inaccurate by more than 5 percentage points. Dropout rates were inaccurate by more than five percentage points in four schools. We also found that, while the Department had some controls in place to ensure the accuracy of the information on the report cards, these controls were not sufficient. The objective of our follow-up was to assess the extent of implementation, as of December 1, 2010, of the seven recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

Department officials have made significant progress in correcting the problems we identified in the initial report. Of the seven prior audit recommendations, six recommendations have been implemented and one recommendation has been partially implemented.

Follow-up Observations

Recommendation 1

Follow-up with schools to resolve the discrepancies noted above, and update the System, as appropriate.

Status - Partially Implemented

Agency Action - In August 2010, Department officials sent letters to the nine school districts mentioned in our original audit report. The letters cited each school district's graduation and/or dropout rate discrepancies, with instructions to resolve these discrepancies by either updating the appropriate Student Information Repository System (SIRS) records, or providing additional documentation to demonstrate that the data contained on the SIRS is correct. The letter specified that the discrepancies were to be resolved by November 30, 2010. As of mid-December 2010, three school districts have responded to the Department, prompting Department officials to send reminder e-mails to the remaining six school

districts. Department officials advised us that they plan to run a special query on SIRS to determine whether each of the nine school districts made the necessary changes to their data.

Recommendation 2

Remind schools of documentation retention requirements.

Status - Implemented

Agency Action - In an August 2010 letter, Department officials reminded school district superintendents of the importance of maintaining the necessary documents within student records to substantiate data in SIRS, in particular enrollment and exit codes and credential type codes. The letter states that documentation rules can be found in the SIRS manual and on the New York State Archives website.

Recommendation 3

Require school districts to have all employees responsible for maintaining student files and determining the status of students trained in the Manual's requirements.

Status - Implemented

Agency Action - In the 2006 - 2007 school year, the SIRS Manual replaced the System for Tracking Education Performance (STEP) Manual. Since then, Department officials have provided SIRS Manual training to employees responsible for maintaining student files and determining the status of students. We noted that, from July 2008 to the present, the number of training sessions held in the 12 RICs ranged from one to about 13 sessions. Training was provided in workshop and meeting settings, with key employees in attendance.

Recommendation 4

Remind school district superintendents to review data for their students prior to signing the certification.

Status - Implemented

Agency Action - Department officials sent two letters to school district superintendents reminding them to review data for their students prior to signing the certification. The first letter, sent in February 2010, noted that superintendents must certify SIRS data by submitting a completed Statement of Certification of Verification report. The verification report lists the various data reports, and contains checkboxes that ask the certifier to indicate that he/she certifies that accuracy of the data or cannot certify their data, but understands that the deadline for making corrections has passed, in which case the data will be moved on as is. The second letter, sent in June 2010, reiterated this information.

Recommendation 5

Implement a system to analyze graduation rate data submitted by school districts for reasonableness, and follow-up on questionable data with the school district.

Status - Implemented

Agency Action - Since our initial audit, Department officials have developed three new reasonableness reports in SIRS to analyze counts of students by category types and highlight unreasonable changes in the data. The three categories are enrollment exits, total cohort graduates and credentials awarded. Report users are advised that particular attention should be paid to changes equal to or greater than 10 percent (depending on the size of the district) and reporting issues known to have caused difficulties in prior years. The first reports were produced in February 2009 for the 2007 - 08 school year. Department officials stated that follow up occurs via phone and/or e-mail with school district officials to explain or correct reported numbers.

Recommendation 6

Based on our findings and those in the school district audits, determine the need for future audits of school district reporting of graduation and dropout rates, as resources permit.

Status - Implemented

Agency Action - Department officials stated in their Office of Audit Services 2009-11 audit plan they intend to audit student data in four school district audits. The officials advised that the first audit, started in July 2010, is almost complete, and they have engaged a second audit of this subject matter in another school district.

Recommendation 7

Develop a new report to identify false student transfers and determine the proper status.

Status - Implemented

Agency Action - Department officials s have developed two new reports, the Unique Identifier Audit System False Transfer and False Transfer Across Years reports, that helps to identify false student transfers between schools. In October 2010, the two reports were provided to three school districts as a pilot project. Department officials indicated that the release of these reports to all school districts has been delayed until additional data security and privacy protections are developed and implemented.

Major contributors to this report were Karen Bogucki and Donald Collins.

We thank the management and staff of the State Education Department for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Edward J. Durocher, CIA
Audit Manager

cc: James Conway, State Education Department
Thomas Lukacs, Division of the Budget