



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MAY 30 2003

Robert H. Pasternack
Assistant Secretary
Office of Special Education and Rehabilitative Services
Mary E. Switzer Building
330 C Street, SW, Room 3006
Washington, DC 20202

Control Number
ED-OIG/A02-B0023

Dear Mr. Pasternack:

This is the Office of Inspector General's **Final Audit Report**, entitled *Review of Data Reliability for Rehabilitative Services Administration Reporting Under the Government Performance and Results Act*. The objective of our audit was to determine if the Rehabilitative Services Administration (RSA) provided reliable data in support of its Government Performance and Results Act (GPRA) goals as reported in the *1999 Performance Reports and 2001 Plans*, dated March 2000, for the State Vocational Rehabilitation Services Program.

BACKGROUND

The Rehabilitation Act of 1973, as amended, authorizes the allocation of Federal funds on a formula basis for the administration and operation of a vocational rehabilitation (VR) program to assist individuals with disabilities in preparing for and engaging in gainful employment.

In 1993, Congress enacted GPRA to establish a means for strategic planning and performance measurement for government agencies to ensure program efficiency. In order to carry out that function, GPRA requires each government agency to submit an annual performance plan and outcome report based on its strategic plan that monitors and evaluates program performance.¹

All state agencies participating in the VR program submit outcome results to show performance every quarter. The actual outcomes should meet the intended goals outlined

¹The *1999 Performance Reports and 2001 Plans*, dated March 2000, was submitted by the Department under the requirements of GPRA. It is both a report to Congress and the Nation and a guide to help the Department continuously improve its performance.

in the U.S. Department of Education (Department) annual plan in order to comply with GPRA requirements. In March 2000, the Department published its *Data Quality Standards* to be used by RSA and state agencies to ensure for quality GPRA data reporting. These standards were published as an appendix to the Department's GPRA report entitled, *1999 Performance Reports and 2001 Plans*.² The Department had six data quality (DQ) standards in place: (1) Validity—data adequately represent performance; (2) Accurate Description—definitions and counts are correct; (3) Editing—data are clean; (4) Calculation—the math is right; (5) Timeliness—data are recent; and (6) Reporting—full disclosure is made. Five of the six³ standards are applicable to state-reported data.

The state-reported data is accumulated by RSA Headquarters and compiled into databases. In response to our request, RSA provided four electronic data files that RSA used to report on the final GPRA report for the State VR program, which receives over \$2.3 billion in federal funds.

AUDIT RESULTS

RSA provided generally reliable data in support of its GPRA goals as reported in the *1999 Performance Reports and 2001 Plans*, dated March 2000. However, internal controls need to be strengthened regarding the databases utilized for reporting purposes. Specifically, RSA did not remit its data timely nor did it fully disclose the limitations on the data used to support its FY 1999 GPRA goals.

Timeliness – RSA did not remit its data timely

GPRA requires that: “(a) No later than March 31, 2000, and no later than March 31 of each year thereafter, the head of each agency shall prepare and submit to the President and the Congress, a report on program performance for the previous fiscal year.”⁴ If performance goals for the preceding fiscal year are not met, GPRA prescribes alternative reporting requirements.

Timeliness, Standard Five of the DQ Standards, is defined as data reported in time to inform policy action. Timely data enables the Department to assess program results and fulfill its requirements to Congress to present reliable, valid, and timely annual performance information.

² For the purpose of this audit, we used the March 2000 data quality standards that were in effect during our audit period.

³ Standard One-Validity ensures that data adequately represent performance. The Department is responsible for designing performance indicators and identifying the data that actually measure the goal or objectives of interest.

⁴ 31 U.S.C. § 1116. For the purpose of our audit, we used the provisions of GPRA in effect as of March 2000.

RSA did not report FY 1999 information in the *1999 Performance Reports and 2001 Plans*.⁵ In the column for actual performance data, RSA reported “No data available” for each of its performance indicators for FY 1999 for the State VR Services program. As a result, no data was provided, to evaluate the effectiveness, quality of implementation, and program results for FY 1999.

We noted at least 10 other programs reporting “No data available” for each of their performance indicators for FY 1999. The reporting of “No data available” continued in the FY 2000 report for these same programs in addition to RSA. We issued an Alert Memorandum, dated March 18, 2003, suggesting that the Deputy Secretary require stricter deadlines for all programs to collect and submit performance data for subsequent reports, and limit the use of “no data available” to exceptional circumstances.

We also noted that RSA missed the GPRA reporting requirements for FY 1999, due to a lack of cut off procedures necessary to finalize its database. Nine performance indicators are reported by RSA in the GPRA report for the State VR Services program. Of the nine performance indicators used as performance measurements, six are based on data accumulated from electronic source information.

RSA officials stated that internalization of the data collection, edit, and reporting process, before they were prepared to do so, contributed to the late submission of the required information. For 12 years prior to internalization, an outside contractor handled the correction process and corrected the data. Due to the death of a key employee of the outside contractor, RSA internalized the correction process. RSA then assumed responsibility for editing all the source information. RSA had to train its personnel to review and edit the information received from the State agencies. Additionally, it had to set up computer programs to analyze the information to be incorporated in the GPRA report. These activities were not completed before RSA assumed responsibility for the edit process. Although the source data was available to RSA, cut-off procedures were not implemented which would enable RSA to finalize its database, and report on program performance. RSA therefore, reported “No data available” for its FY 1999 indicators in the *1999 Performance Reports and 2001 Plans*.

⁵ The FY 1999 data was finalized and reported in the *2000 Performance Report and 2002 Plans*. Although the deadline for the draft report was extended by one month, no data was reported for FY 2000 in that report.

Reporting – RSA did not make full disclosure of the limitations of the data

While RSA ultimately provided generally reliable data in support of its FY 1999 GPRA goals within its subsequent FY 2000 GPRA report, we found an inconsistency in reporting data across the GPRA report for the State VR Services program. Specifically, for indicators 1.1, 1.2, 1.3, 1.5, and 3.1, RSA provided information for reported case closures⁶ for all 81 reporting agencies. In contrast, for GPRA report indicator 1.4, “Improved Earnings,” RSA only reported case closures for 50 of the 81 reporting agencies. These 31 excluded agencies included 6 “General/Combined” agencies and all 25 “Blind Agencies” which are reported separately from the “General/Combined” agencies.⁷

- 1) Excluded "General/Combined"
 - American Samoa (Agency Code 60)
 - Guam (Agency Code YY)
 - New Jersey (Agency Code 29)
 - Northern Marianas (Agency Code GG)
 - Puerto Rico (Agency Code 38)
 - Virgin Islands (Agency Code 51)

- 2) Excluded "Blind Agencies"

All 25 agencies with records in the database

Standard Six of the DQ Standards relates to reporting, and states that full disclosure can be met, in part, by documenting the data collection processes. RSA did not make full disclosure of the limitations of the data because it did not have written procedures for developing and updating its data files or data collection processes.

In regard to the limitations of data and planned improvements, in the *1999 Performance Report and 2001 Annual Plans*, RSA stated that “Appropriate crosschecks and edits to verify and validate the quality of these data are in place but are not well documented. Written procedures will be developed for the collection, cleaning, and analysis of data.” We noted that in the *2000 Performance Report and 2002 Annual Plans*, RSA again stated that “Written procedures will be developed for the collection, cleaning, and analysis of data....Steps will also be taken to improve reasonableness checks of data.”

We were able to identify the FY 1999 data reported for GPRA in the *2000 Performance Report and 2002 Annual Plans*. However, we noted that the policy directives we

⁶ Case closures are the measurements used to account for persons achieving employment outcomes during a reporting period.

⁷ General/Combined Agencies serve all individuals with disabilities in the state unless a separate Blind Agency, serving only those individuals who are blind or visually impaired, exists for that state. Due to the nature of the populations served, performance levels are usually different for both General/Combined and Blind Agencies.

reviewed were not clear regarding data interpretation, and only through the subsequent contact with RSA statisticians were we able to conclude the general reliability of the data. During the course of our audit, RSA began to develop written documentation identifying the specific formulas and procedures used to calculate the GPRA report indicators.

Without comprehensive written procedures, there is little assurance that the data files will yield reliable data from year to year. As no formal written policies and procedures were implemented during our audit period, RSA was at risk of continuing to report inconsistent and unreliable performance data in future years.

Recommendation

We recommend that the Assistant Secretary for Office of Special Education and Rehabilitative Services (OSERS):

- 1.1 Establish internal control policies and procedures regarding the databases utilized for the GPRA report. These procedures should include analytical review, and appropriate computerized editing, such as cut-off procedures of databases, for the data submitted by the State VR Services program.
- 1.2 Ensure full reporting of data limitations, by establishing written policies, and procedures, for creating and updating the databases utilized for the GPRA report to support consistency of reported information.

OSERS's Response

The report incorporates the comments OSERS provided in response to the draft audit report as Attachment A. OSERS concurred with the findings, although it stated it had documentation for data collection, data cleaning, and data analysis. OSERS is reviewing recommendations from both our report and those of an outside consultant recently hired by RSA in order to develop a specific and responsive action plan.

OIG's Reply

We considered OSERS's response to the Recommendations but did not change our findings or recommendations because OSERS did not provide documentary evidence supporting its contentions. Since OSERS did not provide documentation for data collection, data cleaning, and data analysis, we cannot determine its validity. Because OSERS is still developing its corrective plan of action, we cannot determine its responsiveness to the internal control weaknesses we identified in this report.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of our audit was to determine if RSA provided reliable data in support of its GPRA goals as reported in the *1999 Performance Reports and 2001 Plans*, dated March 2000, for the State Vocational Rehabilitation Services Program.

We reviewed GPRA data covering October 1, 1998, through September 30, 1999. We performed our fieldwork at RSA offices in Washington, DC from August 2001, through September 2002. We held an exit conference with RSA officials on September 10, 2002.

To achieve the audit objective, we interviewed officials from RSA, reviewed policy directives and supplemental instructions and obtained the electronic data files used by RSA to prepare the GPRA report. The electronic data files were translated into Visual dBase and Microsoft Access database files to assess the reliability of this data. We tested the accuracy of this data by recalculating the indicators reported. Based on these tests and assessments we conclude that the data was basically reliable to be used in meeting the audit's objectives.

Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

STATEMENT ON MANAGEMENT CONTROLS

As part of our review, we assessed the system of management controls, policies, procedures, and practices applicable to RSA's process for collecting performance data for meeting their GPRA objectives. Our assessment was performed to determine whether the processes used by RSA provided a reasonable level of assurance that RSA used reliable data to report the outcomes specified.

For the purpose of this report, we assessed and classified RSA's significant controls related to collecting and reporting performance data into the following categories:

- Policy directives for forms RSA-911 and RSA-113
- Implementation of computerized software for evaluation of data

Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the management controls. However, our assessment disclosed significant management control weaknesses, which adversely affected RSA's ability to report complete and timely GPRA data to the Department. These weaknesses included non-compliance with data submission guidance set by GPRA and overall inadequate written policies and procedures regarding the data utilized for the GPRA report. These weaknesses and their effects are fully discussed in the AUDIT RESULTS section of this report.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

Please provide us with your final response to each open recommendation within 60 days of the date of this report indicating what corrective actions you have taken or plan, and related milestones.

In accordance with Office of Management and Budget Circular A-50, we will keep this audit report on the OIG list of unresolved audits until all open issues have been resolved. Any reports unresolved after 180 days from date of issuance will be shown as overdue in the OIG's Semiannual Report to Congress.

Please provide the Supervisor, Post Audit Group, Office of the Chief Financial Officer and the Office of Inspector General, with Quarterly status reports on promised corrective actions until all such actions have been completed or continued follow-up is unnecessary.

In accordance with Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us in the review. Should you have any questions concerning this report, please call Daniel P. Schultz, Regional Inspector General for Audit at 212-637-6271.

Sincerely,



Helen Lew

Assistant Inspector General for Audit Services



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

MAY 6 2003

TO : Daniel P. Schultz
Regional Inspector General for Audit

FROM : Robert Pasternack, Ph.D. *Robert Pasternack*
Assistant Secretary
Office of Special Education and Rehabilitative Services

SUBJECT: Response to Draft Audit Report: Review of Data Reliability for
Rehabilitation Services Administration Reporting under the Government
Performance and Results Act

This document is the Office of Special Education and Rehabilitative Services' (OSERS) response to the Office of the Inspector General's (OIG) Draft Audit Report entitled Review of Data Reliability for Rehabilitation Services Administration Reporting under the Government Performance and Results Act (the Report), dated March 21, 2003. The OIG provided this draft report to OSERS to obtain advance review and comment.

The Report contained three findings and two recommendations. The first finding identified the Rehabilitation Services Administration (RSA) as a program that had not been able to report performance requirements. Inasmuch as GPRA requires that data be reported related to performance during the previous fiscal year by March 31 of the next fiscal year, the Report is correct in stating that RSA has not been able to provide such information in a timely manner. Second, the Report found that RSA did not make full disclosure of the limitations of the data. In particular, the Report specifically mentioned GPRA report indicator 1.4, "Improved Earnings," and that RSA only reported case closures for 50 of the 81 reporting agencies. OSERS concurs that the Report correctly states that indicator 1.4 included fewer agencies than for all other GPRA indicators, and that RSA did not make full disclosure of the data limitations in this instance. Third, the Report found that RSA has not documented its procedures and processes for producing data related to GPRA standards and indicators. OSERS concurs that this finding is correct in part. RSA has documentation for data collection, data cleaning, and data analysis. However, the Report is accurate about the lack of documentation for some processes.

Recommendations stated within the Report included establishing internal control policies and procedures regarding the databases utilized for the GPRA report, and ensuring full reporting of data limitations. Related to these recommendations, RSA has recently contracted with an outside consultant who has already reviewed its data systems and processes. The consultant's report also made recommendations to address some of the data issues RSA faces. For example, the consultant's report has renewed debate in RSA over how to expedite database development and about the need to establish cut-offs and "finalize," at least for reporting purposes, a database in a timely fashion. These

discussions have only recently begun and are still ongoing. However, discussion to date has focused on the establishment of a preliminary database from which to meet GPRA reporting requirements, and the establishment of the kind of internal cut-off procedures envisioned by the Report as the basis for development of the preliminary database. OSERS is therefore reviewing both the recommendations of the contractor and those of the Report in order to develop a specific and responsive plan of action. OSERS expects to share this plan of action by August 1, 2003.

OSERS is committed to producing and reporting timely and reliable GPRA data for special education and rehabilitation programs serving children, youth, and adults with disabilities. We appreciate the opportunity to review the draft, and look forward to working with your office to validate and implement an effective plan of action.

If you have any questions about this response, please contact Hugh Berry at 202.205.8121. Thank you for your consideration.

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