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# **RMC Research Corporation's Administration of the Reading First Program Contracts**

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## **FINAL AUDIT REPORT**



**ED-OIG/A03F0022  
March 2007**

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Our mission is to promote the efficiency, effectiveness, and integrity of the Department's Programs and Operations.

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U.S Department of Education  
Office of Inspector General  
Philadelphia, PA

## **NOTICE**

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.

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UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

March 7, 2007

Dr. Everett Barnes  
President  
RMC Research Corporation  
100 Market Street  
Portsmouth, NH 03901

Dear Dr. Barnes:

Enclosed is our final audit report, Control Number ED-OIG/A03F0022, entitled *RMC Research Corporation's Administration of the Reading First Program Contracts*. This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department officials, who will consider them before taking final Departmental action on this audit:


Raymond Simon  
Deputy Secretary  
US Department of Education  
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It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be appreciated.

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

Sincerely,

  
Bernard Tadey  
Regional Inspector General for Audit

Enclosure

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## EXECUTIVE SUMMARY

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The U.S. Department of Education (Department) awarded RMC Research Corporation (RMC) three contracts under the Reading First (RF) program. The first two contracts were to provide technical assistance (TA) to state educational agencies (SEAs) to assist them in preparing RF program applications and transitioning to program implementation. Under the third contract, RMC entered into subcontracts with three regional technical assistance centers (TACs) to assist in providing TA to SEAs and local educational agencies (LEAs) in the program implementation phase. We performed an audit of RMC's administration of these three contracts. The objectives of our audit were to determine whether: (1) RMC and its subcontractors (the TACs) provided appropriate assistance to SEAs and LEAs; (2) RMC (including subcontractors and employees) complied with its own and/or the contracts' conflict of interest (COI) requirements; and (3) RMC provided appropriate guidance and information to the TACs.<sup>1</sup> Our audit covered the period April 1, 2002, through September 30, 2004.

Our audit disclosed that RMC did not adequately address COI issues. As a result, we identified two instances in which RMC may have provided inappropriate assistance to the SEAs while providing TA during the first two contracts. We also found that RMC did not include the required COI clause in its subcontracts and consulting agreements, did not adequately vet TA providers for reading product relationships and affiliations, and did not have formal COI policies and procedures (including the subcontractors). Except as noted above, our audit disclosed that RMC generally provided appropriate guidance and information to the TACs during the third RF contract.

In addition, we found that the referral of states to the Oregon Reading First Center (ORFC)<sup>2</sup> and the Florida Center for Reading Research (FCRR)<sup>3</sup> reading program reviews, and the lack of TAC websites may have led to some states' perception that there was an approved list of reading programs for use in the Reading First program. We also found that consultant agreements were not obtained from all consultants and some agreements were not signed. These issues are discussed in the Other Matters section of the report.

We recommend that the Assistant Secretary for Elementary and Secondary Education, in collaboration with the Chief Financial Officer, require RMC to work with the Department of Education to:

- Develop and implement formal COI policies and procedures for use in the current Reading First contract and any other current or future Department contracts that, at a minimum, should address the following:
  - a) Vetting employees for the appearance of COI, including bias and impaired objectivity;

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<sup>1</sup> This objective only relates to the third contract awarded to RMC by the Department.

<sup>2</sup> The ORFC is a research project of the University of Oregon that provides support and professional development to Oregon schools relating to the goals of RF.

<sup>3</sup> The FCRR is a Florida State University center that conducts and disseminates information on reading research and provides TA to Florida schools.

- b) Procedures for dealing with disclosed COI information;
  - c) Advisories concerning COI with National Center and/or TAC products and services; and
  - d) Requirements for addressing COI, including bias and impaired objectivity, with subcontractors and consultants.
- Determine and mitigate or neutralize any instances of bias or impaired objectivity that exist for all TA providers on the National Center contract.
  - Develop and implement a COI certification form for all TA providers.

RMC concurred in principle with the finding and fully concurred with the recommendations. RMC acknowledged that it was remiss in not being more explicit in highlighting the required organizational COI clause in its subcontracts. RMC also acknowledged that it did not emphasize concerns related to the appearance of conflict of interest, bias, or lack of objectivity when vetting staff and consultants. In addition, RMC acknowledged that it, along with its subcontractors, did not have COI policies and procedures. RMC stated it has begun to take corrective action to address the finding issues, such as developing an interim "COI Certification Form." RMC stated it has also requested a meeting with the Department to discuss the issues and recommendations raised in the report. RMC's comments are summarized at the end of the finding. The full text of RMC's comments is included as an Attachment to the report.

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## BACKGROUND

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The Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001 (P.L. 107-110), signed into law on January 8, 2002, established the RF program. The RF program was to increase the assistance to SEAs and LEAs to ensure that every student can read at grade level or above no later than the end of grade three. According to the Department's *Guidance for the Reading First Program*, dated April 2002, the program was designed to select, implement, and provide professional development for teachers using scientifically based reading programs and to ensure accountability through ongoing, valid, and reliable screening, diagnostic, and classroom-based assessments. An SEA that desired to receive a RF grant must have submitted an application to the Department, detailing how it planned to administer its RF program. After the state's RF plan was approved, the state was awarded a RF grant.

Title I, Part B, Subpart 1, of the ESEA, served to provide assistance to SEAs and LEAs in (1) establishing reading programs; (2) preparing teachers; (3) selecting or administering reading assessments; and (4) selecting or developing instructional materials, programs learning systems, and strategies. In an effort to accomplish the purposes of RF, the Department awarded three contracts.<sup>4</sup> The first contract, entitled Technical Assistance for State Applications for Reading First, had a performance period of April 8, 2002, through September 30, 2003, (later extended to September 30, 2004) at an award cost of \$2,294,174. The purpose of the contract was to provide TA to SEAs in developing their RF plans and preparing high quality applications for RF funding, including providing sustained assistance to individual SEAs until their applications were approved.

The second contract, entitled Reading First Transitional Technical Assistance to State Educational Agencies (Transitional Assistance), had a performance period of June 17, 2003, through June 16, 2005, at an award cost of \$1,477,228. The purpose of the contract was to ensure continuity of TA services to SEAs between the short-term state grant application-related TA and the larger TA structures that were to be developed in order to support program implementation.

The third contract, entitled National Center for Reading First Technical Assistance (National Center), had a performance period of September 30, 2003, through September 29, 2008, at an award cost of \$36,771,494. The purpose of the contract was to provide support in the planning and implementation of technical support, research, and capacity building activities, and the establishment of three regional centers located in the western, central, and eastern regions of the United States. Services to be provided by the regional centers included (1) on-going consultative services; (2) tailored professional development and production of publications; (3) high quality research centers on scientifically based research; (4) assistance in identifying scientifically based instructional assessments, programs, and materials; (5) SEA and LEA internal capacity building;

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<sup>4</sup> During our audit, the U.S. Government Accountability Office (GAO) was conducting a 50 state survey of RF directors as part of its review of the RF Program. The survey included questions regarding the technical assistance provided under these contracts. The results were scheduled to be reported in March 2007.

(6) facilitation of pre-service development; and (7) preparation and dissemination of resource materials.

RMC won the bid for each of the above contracts. Primarily, employees of RMC executed the first and second contracts, while the National Center contract called for regional subcontractors across the United States to facilitate its execution. RMC collaborated with officials from three universities (University of Oregon, University of Texas at Austin, and Florida State University) to develop the proposal used to bid on the contract. In the proposal, RMC was the prime contractor and each university was a subcontractor to RMC. Each university proposed an individual to be the Director of the TAC. RMC was the national coordinator for the RF TA, overseeing the activities of the three regional centers that delivered TA to their assigned states.<sup>5</sup> The University of Oregon, under its Institute for the Development of Educational Achievement (IDEA), implemented the Western Region Reading First Technical Assistance Center (Western TAC); the University of Texas, under the Texas Center for Reading and Language Arts (Vaughn Gross Center), implemented the Central Region Reading First Technical Assistance Center (Central TAC); and Florida State University, under the FCRR, implemented the Eastern Region Reading First Technical Assistance Center (Eastern TAC). RMC and the TACs utilized internal employees and contracted with outside consultants to provide the TA [TA providers].

Each of the above universities was already involved in providing in-state reading assistance prior to becoming subcontractors to RMC. Specifically, the University of Oregon's IDEA had already formed the ORFC, which reviewed and assessed reading programs for Oregon schools, using "A Consumer's Guide to Evaluating a Core Reading Program Grades K-3: A Critical Elements Analysis" (Consumer's Guide).<sup>6</sup> The Director of the Western TAC was also the Director of IDEA and a co-author of the Consumer's Guide. The ORFC and the Western TAC were IDEA projects. The University of Texas's Vaughn Gross Center developed the "3-Tier Reading Model," an instructional model used by Texas to teach reading. The Central TAC was a TA project of the Vaughn Gross Center and the Director of the Vaughn Gross Center became the Director of the Central TAC. Finally, Florida State University's FCRR conducted reviews of both comprehensive<sup>7</sup> and supplemental/intervention<sup>8</sup> reading programs for Florida's Reading First program. The Eastern TAC was a TA project of the FCRR, and the Director of the FCRR became the Director of the Eastern TAC.

RMC served as the coordinator and facilitator of the National Center contract, acting as the liaison between the Department and the TACs. According to RMC, the Department mainly interacted with RMC and the same held true for the TACs. The TA provided by RMC and its TACs was predicated on the approved state Reading First applications. According to RMC, this TA was intended to supplement the states' Reading First plans. States wishing to receive TA had to initiate contact with RMC or the TACs. If needed, the request would be referred to the appropriate TAC, and then subsequently assigned to a TA provider. Before an individual

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<sup>5</sup> See Appendix 1 for a listing of states served by each TAC.

<sup>6</sup> The Consumer's Guide was developed in the late 1990s by the University of Oregon to help assist schools in the state of Oregon in selecting effective reading programs.

<sup>7</sup> A comprehensive program is a base reading program designed to provide instruction on the essential areas of reading for the majority of students.

<sup>8</sup> A supplemental program is a program designed to support and extend the critical elements of a comprehensive reading program. An intervention program provides more explicit and systematic instruction to children who demonstrate reading difficulty and are performing below grade level.

became a TA provider, he or she had to be approved by RMC, and then by the Department. The TA provided was recorded on Client Contact Logs for documentation purposes. The Client Contact Logs included who, when, and what kind of assistance was provided. The logs were forwarded to RMC monthly. Included in the TA offered by the TACs was a process of reviewing reading programs. This process was only performed to a small degree; the Eastern TAC reviewed nine reading programs (eight of which were supplemental or intervention), and the Central and Western TACs each reviewed one reading program (comprehensive and supplemental, respectively). These reviews were done only at the request of a state. The reviewer used the criteria for review and selection of a program that was indicated in a state's approved RF plan. The results of the reviews were provided only to the requesting state. In August 2005, the Department directed RMC and the TACs to discontinue reviewing programs to concentrate on assisting the states in implementing their Reading First programs.

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## AUDIT RESULTS

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We found that RMC did not adequately address conflict of interest issues when providing TA to the SEAs. We identified two instances where RMC may have inappropriately promoted an assessment instrument to SEAs while providing TA during the first two RF contracts. We also found that RMC did not include the required COI clause in its subcontracts and consulting agreements, did not adequately vet TA providers for reading product relationships and affiliations, and did not have formal COI policies and procedures. Except as noted above, our audit disclosed that RMC generally provided appropriate guidance and information to the TACs during the third RF contract. In addition, we found that the referral of states to the ORFC and the FCRR reading program reviews and the lack of TAC websites may have led to some states' perception that there was an approved list of reading programs for use in the Reading First program.<sup>9</sup> We also found that consultant agreements were not obtained from all consultants and some agreements were not signed.<sup>10</sup>

RMC concurred in principle with the finding and fully concurred with the recommendations. RMC stated it has begun to take corrective actions to address the finding issues. RMC's comments are summarized at the end of the finding. The full text of RMC's comments is included as an Attachment to the report.

### **Finding - RMC Did Not Adequately Address Conflict of Interest Issues**

RMC did not adequately address COI issues on the three Reading First contracts. Specifically, RMC did not ensure that the required organizational COI clause was included in the National Center subcontracts with the three universities, nor was it included in the agreements/contracts with the TA providers. Additionally, RMC did not adequately vet TA providers for potential

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<sup>9</sup> See the Other Matters section of the report.

<sup>10</sup> See the Other Matters section of the report.

bias or lack of objectivity (forms of COI). We also found instances where TA providers may have been promoting an assessment instrument while providing TA to two states. RMC did not have a formal process to address COI issues.

### **Absence of the COI Clause in Subcontracts and Consulting Agreements**

RMC did not include the required organizational COI clause, contained in the National Center master contract between RMC and the Department, in its subcontracts with the three TACs or the consulting agreements with the TA providers used on the Reading First contracts.

The clause served as an acknowledgement by the contractor that (1) it did not have any COI issues, as defined in the FAR,<sup>11</sup> or that any issues were disclosed, and (2) if an actual or potential organizational COI was discovered after award, the contractor would make a full disclosure. The COI clause also required that the contractor agree to insert in any subcontract or consultant agreement provisions that conformed substantially to the language of this clause. Specifically, the clause stated,

(A) The Contractor warrants that, to the best of the Contractor's knowledge and belief, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest, as defined in FAR Subpart 9.5, or that the Contractor has disclosed all such relevant information.

(B) The Contractor agrees that if an actual or potential organizational conflict of interest is discovered after award, the Contractor will make a full disclosure in writing to the Contracting Officer. This disclosure shall include a description of actions, which the Contractor has taken or proposes to take, after consultation with the Contracting Officer, to avoid, mitigate, or neutralize the actual or potential conflict....

(D) The Contractor further agrees to insert in any subcontract or consultant agreement hereunder, provisions which shall conform substantially to the language of this clause, including this paragraph (D).

We found that the subcontracts stated that the TACs must abide by the master contract between RMC and the Department, but they did not specifically contain the COI clause as required. As a result, the three TACs were not aware of the COI clause and may not have complied with its requirements.

In addition, the consulting agreements used by RMC did not contain the required clause. For the first two Reading First contracts, we examined 24 consulting agreements (14 for the first contract and 10 for the second contract) between RMC and the TA providers who were not RMC employees. None of the 24 consulting agreements contained the required clause. As a result, the

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<sup>11</sup> Federal Acquisition Regulation (FAR) Subpart 9.5, 9.505 General Rules states, "The general rules in 9.505-1 through 9.505-4 prescribe limitations on contracting as the means of avoiding, neutralizing, or mitigating organizational conflicts of interest that might otherwise exist in the stated situations...Each individual contracting situation should be examined on the basis of its particular facts and the nature of the proposed contract. The exercise of common sense, good judgment, and sound discretion is required in both the decision on whether a significant potential conflict exists and, if it does, the development of an appropriate means for resolving it. The two underlying principles are---

- (a) Preventing the existence of conflicting roles that might bias a contractor's judgment; and
- (b) Preventing unfair competitive advantage."

TA providers were not made aware of the required clause, and they may not have disclosed any actual or potential COI issues.

Furthermore, because the clause was not included in the subcontracts with the TACs, the TACs were not aware that the clause was required to be included in the employment and consulting agreements. We reviewed the consulting agreements and employment contracts submitted to us by the Eastern TAC (24), Central TAC (21) and Western TAC (16). None of the employment contracts and consulting agreements we reviewed contained the required clause. Therefore, the TAC's TA providers may not have disclosed any actual or potential COI issues relating to publisher affiliations or authorships.

### **Technical Assistance Providers Were Not Adequately Vetted for Bias or Impaired Objectivity**

In addition, RMC did not adequately vet TA providers' resumes for potential bias or impaired objectivity. We found that RMC did not consider whether the proposed TA providers had affiliations with reading related products or publishers of reading programs (including consulting agreements or publishing contracts), or were authors of reading programs or materials. RMC only vetted the TA providers' résumés to determine whether the proposed individuals had sufficient expertise in scientifically based reading research (SBRR),<sup>12</sup> and that the individuals were not receiving dual compensation from Reading First funds for other related work. Although the Department had final approval of who could be a TA provider, RMC had the responsibility to ensure that the TA providers for each of the Reading First contracts were vetted for bias and impaired objectivity.

We noted that appearances of bias or impaired objectivity existed between current and former Reading First personnel at the three TACs. For example, the current and former Directors of the Western TAC had associations with Prentice Hall, which included published reading materials<sup>13</sup> that these individuals authored in 2003 and 2005. In addition, the current Director was an advisor to the Department on its implementation of the RF statute. The former Director was also a co-author of the Consumer's Guide, the team leader of the Assessment Committee that evaluated reading assessment instruments, and a presenter at the Department's Reading Leadership Academies.

The Central TAC's former Principal Investigator was a paid consultant to Voyager (kindergarten through third grade) prior to her work at the TAC, and she remained a paid consultant (grades 4-8) during her tenure with the TAC.<sup>14</sup> She also was developing a reading series with Pearson

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<sup>12</sup> SBRR is defined as research that applies rigorous, systematic, and objective procedures to obtain valid knowledge relevant to reading development, reading instruction, and reading difficulties; and includes research that- employs systematic, empirical methods that draw on observation or experiment; involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn; relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

<sup>13</sup> The reading materials are college textbooks that use the direct instruction approach to teaching reading.

<sup>14</sup> We clarified this information with the former Principal Investigator in late February 2007.

Scott Foresman, scheduled to be published in 2006. Additionally, the former Principal Investigator advised the Department on its selection of members for the expert review panel.<sup>15</sup>

Similarly, the Eastern TAC's current Director has a current publishing contract for reading intervention materials with the publisher SRA/McGraw-Hill.<sup>16</sup> The Director was a member of the Assessment Committee, the author of three assessment instruments, and a presenter at one of the Department's Reading Leadership Academies.

These appearances of bias and impaired objectivity contributed to the allegations surrounding the administration of the Reading First program, namely that some individuals may have been promoting or pushing the reading products they were affiliated with and had exerted influence over the products that were being selected by SEAs and LEAs. This perception prompted the Department to send a letter to RMC, in October 2005, stating:

...it is essential that the National Center avoid all conflicts of interests among employees, subcontractors, and consultants who may have connections to particular instructional programs or materials used under Reading First...it is important that steps are taken to avoid the appearance of conflicts of interest in this area. Individuals associated with the National Center or the three regional centers must recuse themselves from participating in TA activities that appear to benefit commercial entities with whom they are personally connected.

Although the directors of the TACs disclosed some of these relationships to RMC in 2004,<sup>17</sup> RMC did not appear to fully consider whether these relationships could be perceived to cause bias or impaired objectivity. Based on our review of the information obtained, this information was not provided to the Department. Undisclosed appearances of bias or impaired objectivity can damage the integrity of the TA provided, and the integrity and reputation of RMC, its subcontractors, and the Department.

### **Possible Inappropriate Promotion of an Assessment Instrument**

Our review identified two instances of possible inappropriate promotion of an assessment instrument. Specifically, we found that a consultant, who worked as a TA provider on the first two contracts providing assistance to states on their Reading First applications, was a certified DIBELS<sup>18</sup> trainer. This individual appeared to be promoting DIBELS to two states while

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<sup>15</sup> The expert review panel was a group of individuals who were selected by the Department, the National Institute for Literacy, the National Research Council of the National Academy of Sciences, and the National Institute of Child Health and Human Development to evaluate states' RF applications. OIG Evaluations and Inspections report "The Reading First Program's Grant Application Process," ED-OIG/I13F0017, issued in September 2006, discusses the expert review panel selection process.

<sup>16</sup> See Appendix 2 for an additional listing of product relationships of National Center personnel.

<sup>17</sup> In February 2004, RMC requested a list of all pre-existing contracts that might be related to the Reading First work of the three TACs, including information on all reading related contracts or agreements currently held. This information was to be provided to assess potential conflicts of interest, and was requested as part of the contract award negotiations with the Department for the National Center contract.

<sup>18</sup> DIBELS is a progress monitoring reading assessment instrument that was originally developed in 1988 by the University of Oregon. It was revised in 2002 and published by Sopris West.

providing TA.<sup>19</sup> In a string of emails, in August 2003, between the Reading First Director (former) and RMC, the Director stated, “several comments have made way to me from different sources indicating that he’s ...overly focused on products he is linked with... You know, one of the knocks is that he overly pushes DIBELS.” The Director told us that an official from a western state contacted him directly and stated that she felt that she was being pressured by this TA provider to select DIBELS as the state’s Reading First assessment instrument. The official also expressed the same concern to the Office of Inspector General (OIG). In another instance, Reading First officials from an eastern state who received TA from the same group of consultants stated that the TA providers told them the state should use DIBELS as its assessment instrument; they felt that DIBELS was being pushed on them. The TA providers should not have provided advice that would have given the impression that they were promoting any assessment instrument. The two instances raise the question whether the TA provided these two states was appropriate. These situations may have been avoided had RMC considered the states’ needs in conjunction with the relationships or affiliations of the TA providers before assigning them to a state.

There is no federal requirement that contractors, subcontractors, or consultants be vetted for bias or impaired objectivity<sup>20</sup> and the RF contracts did not require RMC to vet for this. However, a prudent business practice would have been for RMC to vet the TA providers’ resumes to ensure that any potential appearances of bias or impaired objectivity were disclosed and considered in advance of hiring an individual as a TA provider. If the potential for bias or impaired objectivity was discovered, RMC should have ensured it was mitigated, neutralized, or properly disclosed.

We also found that RMC had no formal COI policies and procedures in place. Additionally, RMC’s subcontractors did not have COI policies and procedures pertaining to publisher and reading product affiliations or authorships in place either. Specifically, the Western TAC had no COI policies and procedures. The Eastern TAC and Central TAC had COI policies and procedures, but they only pertained to dual compensation and outside employment. While RMC is not required by law to have COI policies and procedures in place, doing so would be a prudent business practice, especially due to the type and nature of the TA provided under this contract. Furthermore, establishing policies and procedures is part of management’s internal control responsibility. By not having policies and procedures, RMC and its subcontractors did not adequately address the types of COI issues discussed above and possible instances of COI may not have been disclosed.

Since 2002 there were perceptions of bias or impaired objectivity related to using TA providers connected to reading programs and/or products. RMC was aware of these issues when it requested COI information from the employees of the three TACs. We found that RMC did not adequately address the issues. Specifically, during a meeting in 2004, the National Center (RMC) suggested to the Department that a set of advisories be created for COI issues. These

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<sup>19</sup> Working with the DIBELS trainer on this three-person TA team was an RMC employee and a consultant who was closely associated with the University of Oregon, where DIBELS was developed.

<sup>20</sup> Since all TA providers were considered contractors of the Department and not federal employees, no COI federal law or regulation was violated because the criminal conflict of interest provisions and the Standards of Ethical Conduct apply only to federal employees. The organizational conflict of interest provisions of the FAR are not designed to reach the type of dual roles, such as being a consultant and a DIBELS trainer, which the TA providers had undertaken.

advisories were to address COI issues when they arose since the organizations that were serving as the TACs and individuals within the TACs developed products or offered services relating to SBRR prior to the National Center's creation. RMC wanted to ensure that no National Center materials developed or used for Reading First suggested or appeared to suggest a preference for products/services previously developed/offered by the universities or TAC personnel. RMC also did not want to appear to be promoting or giving any unfair advantage to the products developed by National Center in the TA services it delivered. Although the Department agreed with the suggestion, both RMC and the Department found the issues too complicated to lend themselves to advisories, and instead directed the TACs to bring COI questions to RMC when they arose.

## **Recommendations**

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education, in collaboration with the Chief Financial Officer, require RMC to work with the Department of Education to:

- 1.1 Develop and implement formal COI policies and procedures for use in the current Reading First contract and any other current or future Department contracts that, at a minimum, should address the following:
  - a) Vetting employees for the appearance of COI, including bias and impaired objectivity;
  - b) Procedures for dealing with disclosed COI information;
  - c) Advisories concerning COI with National Center and/or TAC products and services; and
  - d) Requirements for addressing COI, including bias and impaired objectivity, with subcontractors and consultants.
- 1.2 Determine and mitigate or neutralize any instances of bias or impaired objectivity that exist for all TA providers on the National Center contract.
- 1.3 Develop and implement a COI certification form for all TA providers.

## **RMC Comments**

### *Absence of the COI Clause in Subcontracts and Consulting Agreements*

RMC acknowledged that it was remiss in not being more explicit in highlighting the required organizational COI clause in its subcontracts with the three universities serving as subcontractors to the National Center. RMC stated that it provided the Office of Grants and Contracts within each of the three subcontractor universities a complete copy of the Master Contract it had with the Department, which included the organizational COI clause requirement. RMC stated it has taken action to address this issue, including, amending the subcontracts to include the COI clause, training all staff on COI, and securing signed interim COI Disclosure Statements from all staff and consultants.<sup>21</sup>

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<sup>21</sup> In February 2007 RMC provided the Department with letters to the TAC universities amending the subcontracts by adding the absent COI clause, the current subcontracts, and signed COI Disclosure Statements from all RMC staff, TAC employees, and consultants working on the current RF contract.

*Technical Assistance Providers Were Not Adequately Vetted for Bias and Impaired Objectivity*  
RMC acknowledged that as the prime contractor it also had a responsibility to vet resumes before passing them on to the Department to protect the reputation and integrity of the Reading First program and RMC. RMC agreed that in its vetting of staff and consultants it erred on the side of emphasizing depth of knowledge, extensive experience, and nationally recognized expertise in SBRR and Reading First program requirements over concerns related to the appearance of conflict of interest, bias, or lack of objectivity.

RMC stated that some of the statements made about the current and former TAC Directors may not be accurate or may need clarification. Specifically, the textbooks authored by the current Western TAC Director were textbooks that could not be used in the Reading First program. Also, that the former Central TAC Principal Investigator's consultancy to Voyager was for grades 4-8 (Reading First is a K-3 program).

RMC also stated that all the activities of the former and current TAC Directors presented in this portion of the report were known to the Department at the time the National Center contract was awarded. RMC understood that the Department vetted and approved the resumes of staff and consultants, and never informed RMC about any specific concerns of conflict of interest, bias, or lack of objectivity regarding any of these individuals. Had they done so, RMC would have worked with the Department and with the individuals and organizations involved to correct or mitigate the situation.

RMC explained that in 2004, the Department asked RMC to compile a list of all contracts and consulting agreements (government and private sector agencies) that the National Center staff was currently involved in. RMC collected this information and informed the Department that it was available. It stated that the Department told RMC to put it on file for future reference if needed. When this information was examined, RMC felt there was no overt COI.

## **OIG Response**

Even though some of the reading products that the TAC Directors were associated with may have been published after the RF contracts began, or were not used for RF, these individuals had affiliations with reading related products or publishers of reading programs. These affiliations presented appearances of bias or impaired objectivity, which contributed to the perception that individuals were promoting products and exerting influence over SEA and LEA reading product selections.

We added a footnote to the report to note the type of reading products authored by the current Western TAC Director. The Central TAC's former Principal Investigator's work with Voyager for grades 4-8 was during her tenure with the TAC. Prior to her work at the Central TAC, she was a Voyager consultant for kindergarten through third grade reading materials. We clarified this information in the report.

Based on our interviews with the RF PO staff, the Department did not review the list of contracts and consulting agreements for the National Center staff.

## **RMC Comments**

### *Possible Inappropriate Promotion of an Assessment Instrument*

RMC explained that neither the western nor eastern state ever brought this issue to the direct attention of the Principal Investigator/Project Director of the National Center. When the Department's former Director of Reading First brought the complaint of the western state to its attention, RMC stated it acted upon the complaint immediately and no additional complaints were received. RMC stated that the technical assistance provided may have been interpreted by the client as "promoting or pushing" a particular assessment (DIBELS). These were the only two complaints RMC was informed of where the client perceived they were being pressured.

RMC agreed that TA providers always have to be cognizant that the advice they provide, and the way in which it is provided, never gives the client the impression that they are promoting a specific assessment.

RMC stated that it had no formal COI policies and procedures in place because RMC does not have relationships with publishers, does not develop or publish texts, assessments or programs, and does not collect royalties. As a result of this audit, RMC stated it has taken steps to establish COI policies and procedures and engaged staff in training and dialogue about COI issues.

RMC agreed that none of the subcontractors had COI policies and procedures pertaining to publisher and reading related product affiliations or authorships in place, but it stated that the university where the Western TAC is based did have a longstanding COI policy in place that is similar to those at the universities where the Eastern and Central TACs are based.

## **OIG Response**

We agree that the technical assistance provided may have been interpreted by the state as "promoting or pushing" a particular assessment instrument, which is why adequate vetting for potential appearances of bias or lack of objectivity is important.

While RMC may not have relationships with publishers and does not develop or publish textbooks, assessments, or programs, it does have staff, consultants, and subcontractors that do. RMC should have policies and procedures to address COI issues for these individuals.

During our audit, we requested COI policy information from all of the TACs. We were provided with the University of Oregon's Notice of Appointment form. It did not contain a COI policy. We were not informed of, or presented with any COI policy information while conducting fieldwork at the Western TAC.

## **Recommendations**

### **RMC Comments**

RMC concurred with the recommendations. In February 2007, RMC stated it requested a meeting with the Assistant Secretary for the Office of Elementary and Secondary Education to discuss the issues raised in the report and its recommendations, and to develop a plan and timeline for addressing them.

In response to Recommendation 1.3, RMC stated it has developed an interim “COI Certification Form,” which has been signed by all staff, subcontractors and consultants currently working on the National Center contract.

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## OTHER MATTERS

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### **Perception of an Approved Department List of Reading Programs**

The referral of states to the ORFC and the FCRR reading program reviews and the lack of TAC websites may have led to some states’ perception that there was an approved list of reading programs for use in the Reading First program.<sup>22</sup>

The TA providers referred SEAs seeking guidance on the selection of a reading program to the list of ORFC and FCRR program reviews.<sup>23</sup> These reviews were conducted for schools in the states of Oregon and Florida and aligned to fit the methods and criteria these states determined would be used to choose a scientifically based reading program. An FCRR official told us that it was disconcerting that the FCRR reports were referred to other SEAs since the reviews were done at the request of, and for use by, Florida school districts. The FCRR used guidelines that it had developed, while the ORFC used the Consumer’s Guide for its program reviews. We were informed that the states were referred to these reviews, among others, because they did not know how to review the programs or did not have the resources to do so. However, both of these reviews were done for schools in the respective states only. Both websites included a disclaimer stating that the reviews were not an approval, requirement, or recommendation of any reading program,<sup>24</sup> but it appears that the disclaimers were ignored. Referring SEAs to the ORFC and FCRR program reviews appears to have contributed to the misconception that these reading programs were on a list of programs “approved” by the Department. Since each state’s Reading First program plan was specific to that state and what the state was trying to accomplish, we suggest that RMC instruct TA providers to refrain from referring one state to another state’s work.

In addition, the lack of separate TAC websites may have led to the perception of an approved list of reading programs. The webpages that represent the three TACs on the Internet were not separate from the websites of the centers at the universities that housed them. For example, the University of Oregon website contained a link to the IDEA website and to the ORFC, which listed the program reviews that it performed. The IDEA website also contained a link to the Western TAC. Similarly the FCRR website contained a link to the webpage representing the Eastern TAC, and the Vaughn Gross Center website contained a link to the webpage representing the Central TAC. By having the webpages that represent the TACs linked to these websites, and given that the TACs were subcontractors of the Department, the work of the

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<sup>22</sup> This issue is also discussed in the OIG report “The Department’s Administration of Selected Aspects of the Reading First Program,” ED-OIG/A03G0006, issued in February 2007.

<sup>23</sup> The ORFC reviews were performed in 2002, and the FCRR reviews were performed in 2003.

<sup>24</sup> We reviewed the websites beginning in August 2005, and the disclaimers were present. We do not know when the disclaimers were placed on the websites.

ORFC, FCRR, and the Vaughn Gross Center (centers housing the TACs) could have been misinterpreted as products completed by the TACs and approved by the Department. This misinterpretation appeared to have contributed to the erroneous perception that the TACs performed these reading program reviews. Similarly, there appeared to be a perception that the Central TAC was promoting the 3-tier reading model developed under the Vaughn Gross Center.

We also noted that there might have been some confusion about other reading related information contained on the websites that housed the links to the webpages representing the TACs. The assessment instrument reviews performed by IDEA may have been perceived as a function of the Western TAC. Similarly, the DIBELS link on the IDEA website may have been perceived as an endorsement of DIBELS by the Western TAC. This information was not part of the Western TAC nor was it contained on a webpage for the Western TAC. In fact, the Western TAC did not have a webpage. The link for this TAC leads users directly to the National Center website. It appears that RMC did not foresee the importance of the TACs being seen as independent from the universities and research centers that house them, and did not require the regional TACs to have separate websites. We suggest that RMC consider developing separate websites for the three TACs.

### **RMC Comments**

RMC agreed that program reviews available from a number of sources might have given some SEAs the misconception that a list of approved reading programs existed. RMC stated that the National Center did not “refer SEAs seeking guidance on the selection of a reading program to the list of ORFC and FCRR program reviews.” SEAs were referred to these sites by the National Center to see the process, protocols, and rubrics that were used. RMC will instruct TA providers to exercise “extreme caution” in referring one state to another state’s work.

RMC explained that the National Center and the regional TACs were prohibited by the Department from creating websites for the TACs. The webpages referred were not developed and maintained by the TACs. These were not TAC webpages, but rather a page on a university website that included information about the TAC.

### **OIG Response**

We do not state SEAs were referred to the program reviews done by the ORFC and the FCRR to select a program from these lists. SEAs seeking guidance on how to select a program were referred to these program reviews and may not have understood how to use the reviews, which contributed to the misconception of an approved list.

We agree that the webpages were not developed or maintained by the TAC. As stated above, the universities websites linked to webpages that represented the TACs. We have revised the wording in this section to make this point clearer.

### **Unsigned and Missing Consultant Agreements**

RMC hired 27 consultants to provide TA for the three Reading First contracts. We found that RMC could not provide consulting agreements for 3 of the 27 consultants. For 2 of the 3 consultants, RMC could only provide the expense vouchers submitted by the consultants.

We also noted that required signatures were missing on some of the agreements. Specifically, 3 of 27 consultants did not sign their agreements, 2 agreements were not signed by RMC, and 3 agreements were not signed by either the consultant or RMC. Also, 6 of the 21 consulting agreements provided by the Central TAC were not signed and dated by the consultant. Another consulting agreement was signed but not dated.

Consulting agreements should be maintained and signed by all parties to show that all parties were aware of the terms and conditions of employment. We suggest that RMC ensure that consulting agreements are obtained for all current and future consultants, and are properly executed (signed and dated) by all parties.

### **RMC Response**

RMC accepted responsibility for these errors and stated that it has tightened up its procedures for securing and filing these records.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The audit objectives were to determine whether: (1) RMC and its subcontractors (regional technical assistance centers) provided appropriate assistance to SEAs and LEAs; (2) RMC and its subcontractors and employees complied with their own and/or the contracts' COI requirements; and (3) RMC provided appropriate guidance and information to the regional TACs for the period April 1, 2002, through September 30, 2004.

To achieve our objectives, we reviewed the contracts between RMC and the Department, the subcontracts between RMC and the three regional universities, the consulting agreements between RMC and consultants, and the consulting agreements between the universities and their consultants. In addition, we reviewed RMC's technical and business proposals (including cost and technical questions posed by the Department to RMC), contract invoices, and contract deliverables.

We also reviewed documents obtained from RMC, the TACs, the ORFC, and the FCRR relating to the RF program. The documentation acquired from RMC primarily pertained to guidance given to the TACs, including National Center meeting minutes, correspondence between RMC and the Department, the National Center Handbook, and the Client Contact Logs completed by the TA providers. Our review of the handbook focused on the guidance provided by RMC for the TA providers to use, while our focus on the logs pertained to the information the TA providers provided to the states. We also reviewed guides developed by the National Center to determine if the information included was balanced and did not appear to be biased toward any reading product. The documents provided by the TACs were university employment contracts, consulting agreements, and workshop and training presentations. Our review of the TAC documentation focused on guidance given to the states. Our review of the ORFC and FCRR documents involved each center's process for reviewing reading programs, including reviewer selection, program selection, review criteria, and reporting.

In addition, we interviewed officials from Success For All,<sup>25</sup> the Department, RMC, staff and consultants from the regional TACs, and staff from both the ORFC and the FCRR. We judgmentally selected the officials we interviewed. The selections were based on the official's position, background, RF responsibilities, and whether or not they were identified in any RF allegations. We interviewed 10-15 individuals from each regional TAC and related university reading center.

We also interviewed SEA officials and we reviewed work performed by other components of the OIG.<sup>26</sup> The work included interviews of SEA officials from states that we knew had complaints

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<sup>25</sup> Success For All is a nonprofit organization that develops, evaluates, and disseminates reform models for preschool, elementary, and middle schools.

<sup>26</sup>The OIG Evaluations and Inspections component conducted a review of the RF program's grant application process. The final report, "The Reading First Program's Grant Application Process," ED-OIG/I13F0017, was issued in September 2006.

about the TA they received. We also coordinated and held briefings with GAO, and other OIG regional offices<sup>27</sup> on their RF work.

Additionally, we reviewed email correspondence of officials from the Department, RMC, and the regional TACs.

We gained an understanding of RMC's internal controls relating to conflict of interest policies and procedures and found weaknesses as described in the finding.

We performed our audit fieldwork from August 2005 through July 2006, at the offices of Success For All (August 2005), the Department of Education (July 2006), RMC (September 2005), the Universities of Oregon (January 2006), Texas (March 2006), and Florida State (April 2006). We held an exit conference with RMC officials on October 4, 2006.

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

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<sup>27</sup> Chicago, "Wisconsin Department of Public Instruction's Reading First Program," ED-OIG/A05G0011, issued October 20, 2006; New York, "Audit of New York State Education Department's Reading First Program," ED-OIG/A02G0002, issued November 3, 2006; and Atlanta, "Review of the Georgia Reading First Program," ED-OIG/A04G0003, issued January 18, 2007.

## **Appendix 1: Technical Assistance Centers and States/Territories Serviced**

<b>TECHNICAL ASSISTANCE CENTER</b>	<b>STATES AND TERRITORIES SERVICED</b>
<b>Western TAC</b>	Alaska, American Samoa, Arizona, Bureau of Indian Affairs, California, Colorado, Hawaii, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming
<b>Central TAC</b>	Alabama, Arkansas, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Ohio, Oklahoma, Tennessee, Texas, West Virginia
<b>Eastern TAC</b>	Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, U.S. Virgin Islands, Vermont, Virginia

## Appendix 2: Product Relationships

<b>ENTITY</b>	<b>POSITION</b>	<b>ROLE</b>	<b>AREA OF POTENTIAL COI</b>
<b>RMC</b>	Consultant	TA to states for application submission	DIBELS Trainer
<b>Eastern TAC</b>	Director	-Wrote portion of National Center proposal pertaining to the Eastern TAC -Administration of TAC	-Current publishing contract, negotiated in Spring 2004, for reading intervention materials with SRA/McGraw-Hill -Author of assessment instruments, Comprehensive Test of Phonological Process, Test of Phonological Awareness and Test of Word Reading Efficiency
<b>Central TAC</b>	Former Principal Investigator (Director)	-Wrote portion of National Center proposal pertaining to the Central TAC -Implemented the TAC - TA to states within Central Region	-Paid consultant with Voyager on grades K-3 prior to work with Central TAC -Paid consultant with Voyager on grades 4-8 while working with Central TAC -Reading series with Scott Foresman (scheduled for 2006 publishing) -Developer of the 3-Tier Reading Model
	Current Deputy Director	- TA to states in Central Region -Assisted in the administration of TAC	-Data Evaluation Consultant for Houghton-Mifflin Co., August 2000-2003 -Data Evaluation Consultant for Voyager, March 2000-2003
	Consultant	TA to the State of Texas related to LEA applications	Author of Instructional Materials published by McGraw-Hill, 1987-2001, including K-3 Reading Program in 2000
<b>Western TAC</b>	Former Director	-Wrote portion of National Center proposal pertaining to the Western TAC -Administration of TAC	Published college texts on reading in 2003 and 2005 by Prentice Hall
	Current Director	Administration of TAC	Published college texts on reading by Prentice Hall and math texts by SRA/McGraw-Hill
	Consultant	Consultant to the Western TAC related to the implementation of the TAC	DIBELS co-creator
	Consultant	Training Presenter	DIBELS Trainer
	Consultant	Training Presenter	DIBELS Trainer
	Consultant	Training Presenter	DIBELS Trainer

## Attachment: RMC Comments



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February 12, 2007

Mr. Bernard Tadley  
Regional Inspector General for Audit  
The Wanamaker Building  
100 Penn Square East, Suite 502  
Philadelphia, PA 19107

Dear Mr. Tadley:

RMC Research acknowledges receipt of the Inspector General's Draft Audit Report Control Number ED-OIG/A03F0022, titled "RMC Research Corporation's Administration of the Reading First Program Contracts."

RMC Research Corporation concurs in principle with the finding presented in this report. We appreciate the opportunity the Office of the Inspector General has provided us to elaborate and provide our perspective; describe the actions we have taken or plan to take; and to correct what we believe are discrepancies, misunderstandings, or minor errors in statements in the draft report.

We would like to thank you and the audit team for its thorough work. RMC Research, its subcontractors, and consultants were treated with respect at all levels and we genuinely appreciate the efforts of all involved.

Thank you once again for the hard work of the audit team and please let me know if you have any questions about our response.

Sincerely,

A blacked-out signature, likely of Everett Barnes, Jr., with a pen nib visible at the bottom right.

Everett Barnes, Jr.  
President

Enclosure: Comments from RMC Research Corporation on Draft Audit Report

## **Comments from RMC Research Corporation on Draft Audit Report**

Following are specific comments and suggested edits on the Inspector General's Draft Audit Report titled "RMC Research Corporation's Administration of the Reading First Program Contracts."

### **Background**

- On page 2 of 15, Background, in the first paragraph, line seven, we believe a more accurate and correct statement would be "...reliable screening, diagnostic, progress monitoring, and outcome assessments."
- On page 2 of 15, Background, in the fourth paragraph, line two, our records show the official performance period for the National Center for Reading First Technical Assistance contract as September 30, 2003 through September 29, 2008.
- On page 3 of 15, Background, in the first full paragraph, line thirteen, we suggest replacing "FCRR" with the full name, Florida Center for Reading Research, in order to be consistent.
- On page 3 of 15, Background, in the last paragraph, line five, we believe the word "support" is a more accurate description of the intent of our technical assistance rather than "supplement."
- On page 4 of 15, Background, in the first paragraph, line three, we believe you intended to say, "...when, and what kind of assistance was provided," rather than "when, and what of kind assistance was provided."
- On page 4 of 15, Background, in the first paragraph, beginning with line four, we believe readers might benefit from a slight reorganization of your sentences so they read, "...was a process of reviewing reading programs. These reviews were done only at the request of a state. The reviewer used the criteria for review and selection of a program that was indicated in a state's approved RF plan. The results of the reviews were provided only to the requesting state. This process was only performed to a small degree; the Eastern TAC was requested to review nine reading programs (eight of which were supplemental or intervention), the Central TAC was requested to review a single reading program and the Western TAC was requested to review one reading program. In August, 2005 the Department directed RMC and the TACs to discontinue reviewing programs and to concentrate on assisting the states in implementing their Reading First programs." Please note the addition of the review of one supplemental program by the Western TAC.

### **Audit Results**

RMC Research Corporation concurs in principle with the finding presented in this report. We appreciate the opportunity the Office of the Inspector General has provided us to elaborate and

provide our perspective; describe the actions we have taken or plan to take; and to correct what we believe are discrepancies, misunderstandings, or minor errors in statements in the draft report. We have responded to each of the subheadings under this Finding independently.

**Finding – RMC Did Not Adequately Address Conflict of Interest Issues:**

*Absence of the COI Clause in Subcontracts and Consulting Agreements.*

Page 5 of 15. RMC Research acknowledges that it was remiss in not more explicitly highlighting the required organizational COI clause in its subcontracts with the three universities serving as subcontractors to the NCRFTA. RMC relied on language it had used historically in its subcontracts, language that in over 35 years of providing technical assistance for the U.S. Department of Education had never been challenged or questioned, and which stated that the subcontractor was bound by the same provisions and requirements as the Prime Contractor. RMC Research provided the Office of Grants and Contracts within each of the three subcontractor universities with a complete copy of the Master Contract with USED which included the organizational COI clause requirement. Each Office of Grants and Contracts thoroughly examined the Master Contract and contacted RMC with questions and requests for clarification or adjustment. RMC Research responded in writing to these questions and requests concerning the provisions of the Master Contract, none of which had to do with the organizational COI clause. That aside, RMC Research agrees with the Office of the Inspector General that it was our responsibility under the terms of the contract to ensure that the organizational COI clause requirement was explicitly stated in all subcontract and consultant agreements so there would be no doubt or misunderstanding.

When this omission was pointed out to RMC by the OIG Audit Team during their first site visit, RMC began immediate action, including:

- requesting examples of exemplar COI contract statements or preferred language;
- requesting examples of exemplar COI screening/review rubrics or criteria for determining actual/perceived COI bias or lack of objectivity;
- requesting examples of exemplar COI staff training packages or manuals;
- notification to all subcontractors and all staff assigned to the project, about the organizational COI clause requirement.
- amendment of all subcontracts to include the COI clause;
- an examination of the COI policies and practices being employed by the three subcontractors;
- training and in-depth discussion on COI for all staff; and
- securing staff and consultant signed interim COI Disclosure Statements.

*Technical Assistance Providers Were Not Adequately Vetted for Bias and Impaired Objectivity*

RMC Research continues to seek out sources of guidance or examples from private entities conducting similar work as well as federal agencies, of definitions, procedures, and tools that would be useful in more thoroughly vetting individual resumes to determine actual or perceived conflict of interest, bias or impaired objectivity. As these become available RMC will incorporate them into its vetting process.

RMC Research would like to point out that it was our understanding that the review and approval (vetting) of all staff and consultants working on these contracts would be done by the U.S. Department of Education. It was emphasized to us that no staff person or consultant could begin work or charge to these contracts until their resumes had been reviewed and approved by USED. RMC Research acknowledges that as the Prime Contractor it also had a responsibility to vet resumes before passing them on to USED to protect the reputation and integrity of the Reading First Program and of RMC. RMC Research agrees that in its vetting of staff and consultants it erred on the side of emphasizing depth of knowledge, extensive experience, and nationally recognized expertise in scientifically based reading research and Reading First program requirements over concerns related to the appearance of conflict of interest, bias or lack of objectivity.

RMC believes that some of the statements made on page 6 of 15 and 7 of 15 about current and former TAC Directors may not be accurate or may need clarification. Specifically, it is RMC's understanding that the current Western TAC Director's association with publishers has to do with mathematics textbooks, a Spanish reading program (that was taken off the market in 2002) and several high school and college texts. The Central TAC's former Principal Investigator's consultancy to Voyager was for grades 4-8 (Reading First is a K-3 program) and that the reading series being developed for Pearson Scott Foresman was not in publication.

RMC believes that all the information presented in this portion of the report about the activities of the former/current TAC Directors was known to the U. S. Department of Education at the time they awarded the contract and vetted and approved the resumes of staff and consultants. The U. S. Department of Education never informed RMC Research about any specific concerns of conflict of interest, bias, or lack of objectivity regarding any of these individuals. Had they done so, RMC Research, as the Prime Contractor, would have worked with USED and with the individuals and organizations involved to correct or mitigate the situation.

Page 7 of 15. In 2004, RMC Research was asked by USED to compile a list of all contracts and consulting agreements that NCRFTA staff were currently involved in. This included government and private sector agencies. RMC collected this information, informed USED that it was available and was told to put it on file for future reference if needed.

From the beginning of these Reading First technical assistance contracts, RMC emphasized to its staff, subcontractors, and consultants the need to follow the explicit requirements of the Reading First legislation and the federal guidance for the implementation of the requirements of the Reading First Program. RMC emphasized the need for impartiality, objectivity, and for strict adherence to providing only assistance related to Reading First Program requirements and the state Reading First application/plans. RMC and USED monitored for impartiality and objectivity by reviewing materials, workshops, and products used to deliver technical assistance as well as by observing professional development and technical assistance delivery.

### *Possible Inappropriate Promotion of an Assessment Instrument*

Pages 7 & 8 of 15. RMC Research would like to point out that neither the Western state or Eastern state referenced in this section ever brought this issue to the direct attention of the Principal Investigator/Project Director of the NCRFTA. When the former Director of Reading First for USED brought the complaint of the Western state to our attention, we acted upon it immediately and no additional complaints were received. In examining the issues around this complaint, RMC learned that the Western state's Reading First application had been rejected by the Independent Review Panel several times. In part, these rejections were based on an unacceptable assessment plan. The technical assistance being provided may have been interpreted by the client as "promoting or pushing" a particular assessment (DIBELS). The Western state's Reading First application was eventually approved without the DIBELS assessment as part of the assessment plan. After approval of its state Reading First plan, RMC understands that the Western state contacted USED and requested an amendment/modification to its application that included substituting the DIBELS assessment for some of the assessments in the approved plan. RMC believes this was done for all the reasons the consultant had been trying to point out initially.

RMC was never contacted by the Eastern state or the former USED Reading First Director about inappropriate advice being given by a Reading First consultant.

RMC agrees with the OIG that TA providers have to always be cognizant that the advice they provide and the way in which it is provided never gives the client the impression that they are promoting a specific assessment. In delivering technical assistance on Reading First applications and implementation, RMC and its subcontractors and consultants have provided assistance services to every eligible state, commonwealth, and territory. RMC and its partners have responded to thousands of requests for technical assistance. These are the only two complaints we have ever been informed about where the client perceived they were being pressured.

Page 8 of 15. RMC Research acknowledges that there is no federal requirement for vetting for bias or lack of objectivity. Indeed, when we have asked for guidance or examples of how to conduct such vetting, no clear answers have been provided. RMC Research has been providing technical assistance to states, districts, and schools in the implementation of federal education legislation for more than 35 years. In conducting this work, and building our professional reputation, RMC was diligent in emphasizing the highest ethical standards and avoiding the inference of conflict, bias, or lack of objectivity. RMC had no formal COI policies and procedures in place because RMC does not have relationships with publishers, we do not develop or publish texts, assessments or programs and we do not collect royalties.

As a result of this audit and the recommendations of the OIG, RMC has taken steps to establish COI policies and procedures and engaged staff in training and dialogue about COI issues.

Page 8 of 15, third paragraph. While we agree that none of RMC's subcontractors had COI policies and procedures pertaining to publisher and reading product affiliations or authorships in place, the university where the Western TAC is based does have a longstanding COI policy in place that deals with compensation and outside employment, similar in purpose to those at the universities where the Eastern and Central TAC's are based.

Page 8 of 15, last paragraph. As stated, RMC was aware of the issue of conflict of interest as were its partners and USED. COI was discussed in project meetings on a number of occasions. RMC requested COI information from the employees of the three TACs at the request of USED. When we examined what had been provided, we felt there was no overt COI. RMC offered the information we collected to USED and we were told to keep it on file.

During the meeting in 2004 referenced in the report, RMC raised the issue of COI or the appearance of COI, given the large number of staff and consultants engaged by the NCRFTA. RMC suggested the idea of creating “advisories” or question and answer guides focused on COI, bias and objectivity issues that could be used by personnel working for the NCRFTA as a resource. After discussions with our partners during that meeting it was concluded that COI issues were often too nuanced, complex, or contextually based to lend themselves to an “advisory.” We agreed that when actual or perceived issues related to COI arose they would be brought to RMC as discussed and resolved by RMC, its partners, and USED.

## **Recommendations**

RMC Research concurs with and accepts all the recommendations presented by the Office of the Inspector General on page 9 of 15 of the report. As stated earlier, RMC Research started to take action on a number of these items immediately following the first site visit by the OIG Audit Team over a year ago.

On February 8, 2007, RMC Research sent a letter to the Assistant Secretary for the Office of Elementary and Secondary Education requesting a meeting that would include the Assistant Secretary, the Reading First Program Officer, the Contracting Specialist for the Reading First contract, the President of RMC Research, and the Project Director of the NCRFTA, to discuss the issues raised in this report and its recommendations and to develop a plan and timeline for addressing them.

RMC Research would like clarification on a portion of Recommendation 1.1 which states, “Develop and implement formal COI policies and procedures for use in the current Reading First contract and any future Department contracts...” Is the reference to “future Department contracts” restricted to Reading First only or is the recommendation suggesting that the Assistant Secretary and the U. S. Department of Education develop COI policies and procedures for all federal technical assistance contractors such as Regional Labs, Comprehensive Centers, R & D Centers, Clearinghouses, the What Works Clearinghouse, etc.? Given the extreme importance of the COI issues raised in this audit RMC would hope that the recommendation would extend beyond Reading First.

As a point of clarification, we are not sure what the reference to the “Chief Financial Officer” means. RMC’s Chief Financial Officer does not develop corporate policy. However, if the USED feels his participation would be beneficial, RMC would be happy to include him in the meeting. If this is a reference to the “Chief Financial Officer” in the Department of Education, we do not know what that would be.

In response to Recommendation 1.3, RMC would like to point out that it has developed an interim “COI certification form” which has been signed by all staff from RMC, all staff from its

partner subcontractors and consultants currently working on the NCRFTA. This COI certification form is interim while RMC works with USED on the precise COI language it would like used.

## **Other Matters**

### Perception of an Approved Department List of Reading Programs

Page 9 of 15, first paragraph. The NCRFTA and the regional TACs were explicitly prohibited by the U. S. Department of Education's Reading First Office from creating their own websites.

Page 9 of 15, second paragraph. The NCRFTA **did not** "refer SEAs seeking guidance on the selection of a reading program to the list of ORFC and FCRR program reviews." SEAs were referred to these sites by NCRFTA to see the process, protocols, and rubrics that were used since each state Reading First application had to address how they would implement a rigorous review process. SEAs were also referred to those sites, as well as other rigorous reviews, so they could see the information that had been generated from the reviews. At no time did NCRFTA refer state clients to those sites so they could "select" a reading program.

Page 10 of 15, first paragraph. NCRFTA consistently pointed out to states that requested assistance in developing their review process for Reading First that the processes represented on the ORFC, FCRR sites and from other sources were only examples of how such reviews might be rigorously conducted and that they were specific to their respective state requirements. SEAs and others may have chosen to ignore disclaimers but the disclaimers were always present.

Page 10 of 15, first paragraph. RMC Research agrees with the OIG Audit Team that program reviews available from a number of sources may have given some SEAs the misconception that a list of approved reading programs existed. In any situation when such lists, created by states with characteristics similar to other states or conducted by nationally recognized experts exist, states or other clients who feel they lack the capacity, expertise or time to go through similar processes independently will use the information that is available. In fact, states regularly request opportunities at federally sponsored conferences, not just Reading First, to share practices, strategies, information or resources that will help them effectively and efficiently implement the requirements of federal legislation.

RMC Research will instruct TA providers to exercise "extreme caution" (rather than "refrain from") in referring one state to another state's work. Given the frequency of this type of request and the importance with which it is viewed by many states, sharing among states is a critical part of technical assistance. RMC Research will monitor this type of technical assistance more carefully in the future.

Page 10 of 15, second paragraph. NCRFTA and the regional TACs were prohibited from creating websites of their own. The webpages referred to in this paragraph were not developed or maintained by the TACs. The university centers that housed each TAC included a short description of its respective TAC on the university or center website. This was not a TAC webpage but rather a page on a university website that included information about the TAC. The NCRFTA website and webpages are found as part of the official Department of Education Reading First website at [www.ReadingFirstSupport.us](http://www.ReadingFirstSupport.us).

## Unsigned and Missing Consultant Agreements

RMC Research accepts responsibility for these errors and has tightened up its procedures for securing and filing these records.

## Appendix 1: Technical Assistance Centers and States/Territories Serviced

While the official time frame for this audit was April 1, 2002 through September 30, 2004, it may help to avoid future confusion to note that responsibility for TA services for Iowa was transferred from the Western TAC to the Central TAC on March 25, 2005. In addition, responsibility for providing TA services to the state of Wisconsin was transferred from the Western TAC to the Central TAC on November 14, 2005.

## Appendix 2: Product Relationships

Several items in this appendix have already been previously addressed. There are a few more for which we would like to provide clarification.

The roles of the Directors of each TAC were the same so for consistency, we suggest changing the Central TAC Former Principal Investigator (Director) role to “Administration of TAC” (rather than “Implemented the TAC”) to be consistent with the other regions. In addition, both the Eastern and Central Directors also wrote portions of the national Center proposal pertaining to their respective regions.

Additionally, we would like to clarify that for the Central TAC, the person referenced as “Current Deputy Director” was the data manager from 2002 – September 2005 and the Deputy Director from September 2005 through September 2006.