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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 3, 2000

Mr. Carl T. Hayden
Chancellor
The University of the State of New York
State Education Building
Albany, NY 12234

Re: Student Enrollment Data
Report 98-S-83

Dear Mr. Hayden:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law, we have audited certain aspects of school districts' reporting of student enrollment data to the State Education Department (Department) and the Department's categorization and verification of this data. Our audit covered the period of July 1, 1997 through June 30, 1999.

A. Background

The Board of Regents (Regents) is responsible for setting education policies and for guiding the education system in New York State, which has the second-largest elementary and secondary school system in the nation. In fulfilling these responsibilities, the Regents work with the Governor and Legislature, who also initiate education programs and ultimately control the State funds devoted to education. The 16 Regents, who are appointed to five-year terms by the Legislature, are headed by a Chancellor.

The Regents are served by the State Education Department (Department), which administers the State's education policies and programs. The Department oversees local school boards and monitors compliance with education laws and regulations. In addition, it offers technical assistance to the teachers and administrators at local schools. The Department employs about 3,300 staff, who are headed by a Commissioner appointed by the Regents. About 600 of the Department's staff are involved in reviewing elementary and secondary education practices.

While the Regents are responsible for setting education policy, the State education system is primarily a decentralized operation, rooted in the concept of local autonomy. The more than 700 local school districts across the State make daily operating decisions for 4,111 individual schools. Reflecting this decentralization, the Department's 1998-99 annual budget included about \$295 million for State operations and more than \$15 billion in State aid to localities. Some of this aid is distributed on the basis of a general formula that takes into account factors such as the student population in each school district. The remainder of the State aid is distributed to eligible school districts in accordance with specific education programs, including programs that provide remedial services and discourage students from leaving school prematurely.

All public schools in New York City are overseen by the New York City Board of Education (Board). The Board employs more than 116,000 staff, including teachers, administrators, social workers, counselors, and para professionals to operate its 1,115 schools. While the high schools are managed directly by the Board, the elementary and intermediate schools are managed by 32 separate Community School Districts. Although the Board is supervised by the Regents, various sections of the State Education Law assign many responsibilities specifically to the Board.

The Department uses its Basic Educational Data System (BEDS) to help compile and publish an extensive amount of data obtained from school districts. Enrollment data reported from the districts and compiled in BEDS includes critical elements for both student and school accountability. It is used by the Department's staff to check the reasonableness of reported attendance and to calculate several categories of State aid allocations. It is also used in conjunction with other school data to produce reports of service efforts and accomplishments, including the School Report Card, the Chapter 655 Report, and the Fiscal Profile. These reports are used by Department managers, the Governor, Legislature, Division of the Budget, and school districts to make financial, program, and operating decisions. These reports also provide accountability and information to the public. The cutoff date for BEDS enrollment data from the Board is October 31 of each year. For the remaining districts, the date is the first Wednesday in October of each year.

B. Audit Scope, Objectives, and Methodology

We audited the reporting of student enrollment data to the Department by selected school districts for the period July 1, 1997 through June 30, 1999. For this same period, we also audited the Department's categorization and verification of this information. One of the objectives of our performance audit was to determine whether accurate student enrollment information was submitted to the Department in an efficient manner and in accordance with established time frames. Another objective was to determine whether the Department provided for meaningful and useful presentation of reported student enrollment and took necessary and appropriate steps to verify the accuracy of this data. To accomplish our objectives, we reviewed and analyzed relevant records and the internal controls of the Department, the Board, and five other school districts selected on a judgmental basis to include a cross-section of urban and rural districts. Districts outside of New

York City included the Monticello Community School District, the Taconic Hills Central School District, the East Meadow Union Free School District, Syracuse City School District and the Yonkers School District. At the school districts that we visited outside of New York City we tested the accuracy of enrollment records for 350 students covering 14 schools. We did not test the accuracy of student enrollment records for students covered by the Board because our prior audit (Report 98-N-2, issued December 23, 1999) included such tests for 13 visited schools and noted no exceptions. We also interviewed appropriate managers and staff of the Department, as well as all six districts.

We conducted our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those procedures and operations included within the audit scope. Further, these standards require that we understand the internal control systems implemented by the Department and the five other school districts, and their compliance with those laws, rules, and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations identified through our preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use our finite audit resources to identify where and how improvements can be made. Thus, we devote little audit effort to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. Results of Audit

For the 14 schools within the five districts that we visited outside of New York City, we found that 350 student enrollment records that we randomly sampled were accurate based upon available documentation at the school districts. For the East Meadow Union Free School District, the Syracuse City School District, and the Yonkers School District, the sampled enrollment records were as of the official BEDS enrollment cutoff date of October 1, 1998. However, the Taconic Hills Central School District and the Monticello Community School District were unable to reestablish their cutoff date student enrollment records when we visited them because their record keeping systems continually updated student enrollment data and did not preserve the data as of the cutoff date. Therefore, for these two school districts, we selected and verified student enrollment data as it existed when we made our field visits, and we made recommendations for maintaining an audit trail of student enrollment data as of the official cutoff date. We also found that each of the districts was reporting student enrollment data as of the specified cutoff dates and

consistent with the directives of the Department. Our prior audit results of the verification of student enrollment data for 13 schools within the Board also showed no exceptions.

We found that the Board has reported student enrollment data electronically to the Department for some time, but school districts outside of New York City continue to manually report student enrollment data to the Department. Accordingly, this requires the Department to perform duplicate data preparation to create electronic input for BEDS. This is inefficient and tends to increase the risk for BEDS data input errors to arise.

While the Department performs desk reviews of student enrollment data, this activity alone may not be sufficient to adequately reduce the risk of undetected data inaccuracies. We believe that periodic risk-based reviews of student enrollment records and related controls at school districts coupled with the desk reviews would provide reasonable and improved assurances of data accuracy. Furthermore, it has been almost 20 years since the Department field audited enrollment data, and our audit did identify some controls problems with record keeping systems at districts we visited. Finally, to ensure more meaningful presentation of enrollment data, we recommend that the Department consider providing for the reporting of student enrollment that reflects the sub categorization of students who are enrolled as long-term absentees and students who are enrolled part-time. These matters are more fully discussed in the sections of this report which follow.

D. Transmitting Student Enrollment Data

The Department requires each district to annually provide the Department with student enrollment data for inclusion in BEDS. The Department generally mails two standardized documents to the districts for soliciting the data. One document is for capturing information from individual schools, while the other is for compiling a district-wide summary. With the exception of the Board, which transmits the required data electronically to the Department, the other districts in the State provide the Department with hard copies of the completed documents for data entry and processing into BEDS. Accordingly, the Department must annually undertake the arduous task of entering all of the data manually into BEDS. This practice is inefficient and increases the risk of data entry errors that may result in BEDS enrollment inaccuracies. Department operations would be more efficient and enrollment data integrity would be better assured if all of the districts provided their enrollment information electronically to the Department as the Board has done for some time.

Department officials agree with our observation, but inform us that the Department does not have funding to support the full automation of enrollment data-gathering and reporting in districts throughout the State. The officials add that they are planning to further computerize the process to the extent that they can given existing resources. In this regard we noted that all five of the districts that we visited outside of New York City utilized a computerized system in their attendance and enrollment functions. Thus, it would appear that these districts, and perhaps others throughout the State, are already capable of providing the Department with enrollment data in an

electronic format. This may be a viable option until the Department can offer its own data capture and transmission systems and procedures.

E. Categorizing Student Enrollment Data

Section 3602.1.n. of the New York State Education Law defines enrollment as the unduplicated count of all children registered to receive educational services from kindergarten through grade 12, including children in ungraded programs. The count is to include students registered on the date before November 1 that is specified as the enrollment reporting date. A district is precluded by law from removing a student from its enrollment registers until either it has conclusive proof that the student has left the school or the student is 17 years old by the end of the school year. The Department has provided the districts with booklets containing instructions to facilitate enrollment reporting.

During our field visits to local school districts, we found that school districts were meeting the requirement of the Law for reporting student enrollment and were uniformly adhering to Department instructions for providing such reporting. However, we also observed that the Department did not require separate identification and reporting of long-term absentees and part-time students that were included in the enrollment data.

For example, the Board automatically defines as a “long-term absentee” any student who has been absent every day in an attendance period (one month). The Board’s reported student enrollment to the Department for the 1997-98 school year and 1998-99 school year included 14,813 and 15,625 long-term absentee students, respectively. (Our audit showed that the Board conducted follow up to resolve long term absentees.)

To provide perspective on the extent of part-time students included in the Board’s student enrollment data, we examined the course load taken in school year 1997-98 and school year 1998-99 for 10,406 and 9,625 students, respectively in the 11th and 12th grades for five New York City High Schools selected on a judgmental basis. The standard school course load was eight classes for the 11th graders and six classes for the 12th graders. Our analysis of Board data showed that 948 (9.1 percent) and 1,123 (11.7 percent) of the students had attended five classes or fewer per day in school year 1997-98 and 1998-99, respectively. This part-time type of enrollment was included without distinction in the Department’s data on student enrollment.

Department officials stated that, consistent with the Law, school districts’ reported student enrollment should include both long-term absentees and part-time students. They also stated that attendance computations, which drive State Aid, would take these factors into account. Department officials added that long-term absentees and part-time students occur more commonly in Board schools than elsewhere. We also noted that these conditions were not numerous in the five school districts that we visited outside of New York City. However, we believe that the Department should consider both defining a standard for long-term absentees and part-time students and providing for the reporting of this information as a sub categorization of overall student

enrollment where it would be appropriate to disclose this information. This would permit the most informative review and analysis of a district's enrollment and would allow for the most meaningful comparisons of student enrollment between districts and schools. For example, the funding per enrolled student in a school would appear lower in any calculation that included long-term absentees as opposed to one that differentiated for these students.

F. Verifying Student Enrollment Data

The accuracy of student enrollment data is crucial if reported information is to achieve intended objectives. However, instead of visiting the various districts on a regular basis to verify enrollment data and the adequacy of controls over its reporting, the Department relies on desk audit procedures to check enrollment data and to detect potential inaccuracies. These procedures include determinations that the reported school data corresponds with district summaries and seems reasonable. In addition, procedures include identification and follow up through telephone calls when a questionable trend such as a large enrollment increase is detected. Reportedly, the Department spends substantial time talking to district officials and attempting to resolve and confirm reported BEDS information.

The Department's desk reviews, while limited by available resources, do occasionally note some discrepancies. For example, in reviewing the East Meadow BEDS enrollment numbers, we found that the data for an individual school did not match the summary data submitted to the Department for the 1998-99 school year. We subsequently learned that the Department had already identified the problem and had worked with the district to resolve it. However, we believe that the Department's efforts could be enhanced if field visits based upon risk assessment were made to districts to verify samples of student enrollment data and to evaluate controls over the reporting of this information. For example, the Department may be able to detect specific instances of under or over reported enrollment by inspecting available student records. At a minimum, such field audit procedures would serve as a deterrence to intentional misreporting. Department officials told us that student enrollment data has not been field-verified since the spring of 1980, when staff reviewed the 1979-80 school year data.

In fact, we found that in addition to East Meadow, two other districts that we visited had control problems pertaining to support for the data being reported. As a result, we conclude that there is some risk that the Department may be accepting and subsequently publishing inaccurate BEDS numbers that are then relied on by internal and external users. For example, Taconic Hills maintained a printout of its enrollment as of the beginning of the school year. It then manually entered new names and deleted others as necessary. However, its records did not always indicate when many of these changes were made; nor was there any other record to indicate which students had been included in the BEDS totals that were submitted to the Department. We believe that an adequate supporting audit trail for the enrollment information being reported to the Department ought to permit determination of the particular students being counted as enrolled as of the official date.

Similarly, when Monticello's computerized enrollment database is updated, data that was entered previously is erased. Neither a manual nor an electronic copy is maintained. Therefore, the only database that could be provided would be a current one, which would not reflect the changes that had occurred after the BEDS cutoff date. In addition, no records of enrollment transactions made after the cutoff date were available. We attribute these problems to the lack of a retention control policy for BEDS supporting records and the absence of regular field visits by Department staff.

In response to our observations, Department officials agreed with our recommendation to perform risk assessments to identify school districts that are high-risk and to visit those districts. They also told us that they plan to provide districts with guidelines for the elements of adequate documentation for student enrollment.

Recommendations

1. *Continue efforts to plan a computerized process for automatically obtaining enrollment data from districts. In the interim, for those districts that are currently utilizing computerized systems to support the enrollment function, consider obtaining electronic copies of their enrollment records for input into BEDS.*

(Department officials agree with recommendation number 1. They indicate that the Department is actively engaged in planning and implementing an electronic system for collecting and storing individual student records. Officials indicate that, as an interim measure, they will consider allowing districts to report enrollment data in the same electronic format now used by New York City.)

2. *Consider defining the standards for what constitutes long-term absentees and part-time students and for reporting this information where it would be appropriate to do so.*

(Department officials disagree, in part with recommendation number 2. They state that the purpose of the BEDS enrollment count is to obtain a head count of students enrolled on a given day and that additional pupil counts are provided by computations of Average Daily Attendance and Equivalent Attendance. However, Department officials agree to consider recommendation number 2 as part of the new school attendance initiative announced by the Commissioner on December 22, 1999 to ensure consistent interpretation of attendance rules across all schools and school districts.)

3. *Implement a risk assessment procedure for determining high risk school districts to be visited for verification of student enrollment information and for review of related enrollment data controls.*

(Department officials agree with recommendation number 3. They indicate that Regents Subcommittee on audits has directed the Department to improve internal control systems

over Department data systems and the Department is developing systems to do so. Officials state that school district enrollment and attendance data are being audited using a risk-based approach.)

4. *Inform school districts about the need and the time frames for retaining supporting BEDS enrollment documentation in sufficient detail to identify the specific students enrolled as of the cutoff date.*

(Department official agree with recommendation number 4. Officials state that the Department is planning to increase technical assistance to districts on developing internal controls for reporting of data. They add that a manual clarifying enrollment reporting is being prepared for distribution.)

A draft copy of this report was provided to Department officials for their review and comment. Their comments were considered in the preparation of this report and are included an Appendix A.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of Education shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Major contributors to this report were Robert Lindholm, Michael Solomon, Tom Trypuc, Keith Dickter, Legendre Ambrose, Adrian Wiseman, Deborah Julien and Marticia Madory.

We wish to thank the management and staff of the Department and the various school districts we visited for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Jerry Barber
Audit Director

cc: Commissioner Mills
Mr. Cate
Mr. Conaway



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April 10, 2000

Mr. Jerry Barber
Audit Director
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Albany, NY 12236

Re: Report 98-S-83

Dear Mr. Barber:

In response to your draft audit report 98-S-83, which covered certain aspects of school districts' reporting of student enrollment data to the State Education Department and the Department's categorization and verification of these data, please note the following:

Recommendations

1. *Continue efforts to plan a computerized process for automatically obtaining enrollment data from districts. In the interim, for those districts that are currently utilizing computerized systems to support the enrollment function, consider obtaining electronic copies of their enrollment records for input into BEDS.*

We agree with this recommendation. The Department is actively engaged in planning and implementing an electronic system for collecting and storing individual student records. As early as fall 2002, this system will be used to collect student enrollment data and include dates of entry and withdrawal for each school attended, thus providing the necessary information to audit district enrollment data. In the meantime, we will consider allowing districts to report enrollment data in the same electronic format now used by New York City.

2. *Consider defining the standards for what constitutes long-term absentees and part-time students and for reporting this information where it would be appropriate to do so.*

We disagree in part with this recommendation. We believe that it reflects a misunderstanding of the purpose of the BEDS enrollment count and a possible lack of awareness of alternative pupil counts used in the allocation of State aid to schools. The purpose of the BEDS enrollment count is to obtain a head count of all students enrolled on a given day. Based on the data collected on Schedules A1-A7 by the State Aid Unit, the following additional pupil counts are computed.

- Average Daily Attendance (ADA): the average number of pupils present on each regular school day, determined by dividing the aggregate number of attendance days of all pupils by the number of days school was in session. ADA for a group of classes or schools in session for varying numbers of days is obtained by adding together the ADA for each. Adjustments are made for the adverse effects of religious holidays on enrollment. ADA includes the equivalent attendance of pupils (as defined below) and the base year full-time equivalent (FTE) enrollment of pupils with disabilities enrolled full time in BOCES.

- Equivalent Attendance: the number of student hours of instruction in programs in a public school or BOCES leading to a high school diploma or high school equivalency diploma for pupils under the age of 21 not on a regular day-school register, divided by 1,000. This does not include such pupils enrolled in BOCES programs for which BOCES aid is claimed.

Nevertheless, as part of the new school attendance initiative announced by Commissioner Mills on December 22, the Department, in consultation with school districts, is reviewing and revising attendance policies to ensure consistent interpretation of attendance rules across all schools and school districts. This recommendation will be considered during this review.

3. *Implement a risk assessment procedure for determining high risk school districts to be visited for verification of student enrollment information and for review of related enrollment data controls.*

We agree with this recommendation. The Regents Subcommittee on Audits has directed the Department to improve internal control systems over Department data systems and we are developing systems to do so. The Tactical Audit Plan of the Department's Office of Audit Services has been refocused to concentrate additional resources on school districts, using a risk-based approach to identify districts and data elements that are indicators of low performance and poor financial practices. Enrollment and attendance data are being audited through this process.

4. *Inform school districts about the need and the time frames for retaining supporting BEDS enrollment documentation in sufficient detail to identify the specific students enrolled as of the cutoff date.*

We agree with this recommendation. The Department is planning to increase technical assistance to districts on developing internal controls on the collecting, maintenance and reporting of data. A manual clarifying enrollment reporting is being prepared for distribution. Further, as stated in response to Recommendation #1, the electronic system of data collection will force schools to maintain electronic information on student enrollment and discharge dates. As we implement this system, we will do extensive training on appropriate district procedures.

If you need additional information, please have your staff contact Martha Musser, Coordinator of Information, Reporting, and Technology, at (518) 474-7965.

Sincerely,



Richard H. Cate

cc: Martha Musser