

Performance Audit Report

---

**Managing for Results  
Performance Measures**

**Education  
Maryland State Department of Education**

October 2009

---



**OFFICE OF LEGISLATIVE AUDITS**  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY

- 
- This report and any related follow-up correspondence are available to the public through the Office of Legislative Audits at 301 West Preston Street, Room 1202, Baltimore, Maryland 21201. The Office may be contacted by telephone at 410-946-5900, 301-970-5900, or 1-877-486-9964.
  - Electronic copies of our audit reports can be viewed or downloaded from our website at <http://www.ola.state.md.us>.
  - Alternate formats may be requested through the Maryland Relay Service at 1-800-735-2258.
  - The Department of Legislative Services – Office of the Executive Director, 90 State Circle, Annapolis, Maryland 21401 can also assist you in obtaining copies of our reports and related correspondence. The Department may be contacted by telephone at 410- 946-5400 or 301-970-5400.
-



**Karl S. Aro**  
Executive Director

**DEPARTMENT OF LEGISLATIVE SERVICES**  
**OFFICE OF LEGISLATIVE AUDITS**  
**MARYLAND GENERAL ASSEMBLY**

**Bruce A. Myers, CPA**  
Legislative Auditor

October 2, 2009

Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee  
Senator Verna L. Jones, Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit to determine the accuracy of selected Managing for Results (MFR) performance measure data reported in the Maryland fiscal year 2009 operating budget request. We also determined whether adequate control systems were in place for collecting, summarizing, and reporting the performance measure data.

As requested by the chairmen of the legislative budget committees, we are systematically auditing the results of the 62 MFR measures contained in the *Managing for Results - State Comprehensive Plan*, which was produced by the Department of Budget and Management. This audit is the second to be conducted on the 62 measures and focuses on the data reported for 6 of the 12 measures contained within the Education portion of the *State Comprehensive Plan*. The Maryland State Department of Education (MSDE) was responsible for reporting these results. The other six Education measures are not the responsibility of MSDE as these measures pertain to higher education. A list of the 62 MFR measures is contained in Exhibit 3 of this report.

As a result of our audit, we have classified each of the six measures as either Certified, Certified with Qualification, Inaccurate, or Factors Prevented Certification. These designations are further described in Exhibit 2. Three of the six measures included multiple sub-measure results that were separately evaluated before a conclusion was drawn regarding the certification level for the measure as a whole. If sub-measures within a given measure had differing certification

results, we concluded on the overall certification level for the measure by considering the various sub-measure certification levels and the significance of any variances. The audit results for the six measures are as follows:

Level of Certification				Performance Measures Audited (See Exhibit 1)
Certified	Certified with Qualification	Inaccurate	Factors Prevented Certification	
2	2	-	2	6

The primary factor contributing to our inability to certify two measures was that MSDE was not adequately ensuring that supporting data used to calculate the measures were complete and accurate.

An Executive Summary of our findings can be found on page 3, immediately following this cover letter, and our audit scope, objectives, and methodology are explained on page 8. The response from MSDE to this audit is included as an appendix to this report. We wish to acknowledge the cooperation extended to us by MSDE during the audit.

Respectfully submitted,

Bruce A. Myers, CPA  
Legislative Auditor

# **Executive Summary**

## **Background Information**

In July 1997, the Governor implemented the Managing for Results (MFR) initiative, which is a strategic planning process used by department leaders and others to establish direction and priorities for State programs to achieve meaningful results. MFR requires State agencies to submit missions, goals, objectives, and performance measures for each program as part of the annual budget request. This information may then be considered in determining Statewide spending priorities and the allocation of resources in agency budgets. Effective July 1, 2004, the MFR process was established in State law, with the Department of Budget and Management as the lead agency for developing a State comprehensive plan for MFR. The resultant *Managing for Results - State Comprehensive Plan* categorizes MFR goals into five functional areas, referred to as pillars, which contain a total of 62 measures. As requested by the chairmen of the legislative budget committees, we are systematically auditing these measures. This audit is the second to be conducted pursuant to this request and focuses on the data reported by the Maryland State Department of Education (MSDE) in the Maryland fiscal year 2009 operating budget request for the 6 of the 12 measures contained within the Education portion of the Plan (See Exhibit 1). A list of the 62 MFR measures is contained in Exhibit 3 of this report. Exhibit 4 references the first MFR audit report issued by our Office which covered 13 measures in the Public Safety and Safer Neighborhoods portion of the *State Comprehensive Plan*.

## **Conclusions**

We concluded that for the six measures tested, two were Certified, two were Certified with Qualification, and two were designated as Factors Prevented Certification. Three of the six measures included multiple sub-measures. Consequently, we evaluated each sub-measure and concluded on the overall certification level for the applicable measure as a whole. For one of the measures that was certified, we determined that one of the four sub-measures was Inaccurate. However, the overall measure was Certified based on our consideration of the certification levels for the other three sub-measures (which were Certified) as well as the factors pertaining to the Inaccurate sub-measure. In this regard, the Inaccurate designation resulted from a reporting issue (that is, the wrong amount was reported) rather than a systemic problem. These results are further described in the Findings section of this report.

## **Recommendations**

The following detailed recommendations are among those we made to MSDE to help strengthen the quality control processes and improve reporting for the measures we audited.

- Establish procedures to ensure that all relevant data are included in the measure calculation and that the data, including data obtained from third parties, are reasonably accurate.
- Establish written definitions for all measures.
- Ensure that the reported performance measure represents the actual results of the related measure calculation.

## Findings

### Certification Results

Agency, Program Name and Budget Reference <sup>1</sup>	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
MSDE Office of the State Superintendent Book 3, Pages 15, 16, 18	Percent of students entering kindergarten demonstrating full readiness on the Work Sampling System Kindergarten Assessment	Academic Year 2007  67.0%	Certified with Qualification	MSDE could not substantiate that it verified certain data reported by Local Education Agencies (LEAs) and used to calculate the measure. Specifically, MSDE management advised us that it reconciled the reported information to audited enrollment data. However, this process was not adequately documented and controls were not in place to ensure that each mismatch identified by the reconciliation was properly investigated. Consequently, data for certain students could be omitted without detection. Nevertheless, we were able to determine that the calculated result was reasonably accurate based on the data reported by the LEAs.
	Percent of students scoring “proficient” or better by content area, grade and subgroup  Reading – Grade 3 Reading – Grade 8 Mathematics – Grade 3 Mathematics – Grade 8 English 2 Algebra	Academic Year 2007  80.5% 68.2% 78.6% 56.7% 70.9% 63.5%	Certified with Qualification	MSDE did not obtain sufficient documentation of the verification of processes and related sub-measure results for the elementary and middle school assessment tests and the high school assessment tests. Specifically, MSDE contracted with a third-party vendor to perform an evaluation of the testing vendor’s processes and related results. However, MSDE could not adequately document the scope of the third-party vendor’s verification or the related findings to support the adequacy of the evaluation. For example, MSDE had not received a report from the vendor or reviewed the vendor’s work to determine the adequacy of procedures performed by the vendor or the propriety of conclusions drawn. Nevertheless, we were able to determine that the reported results for the various sub-measures were reasonably accurate. MSDE also lacked formal definitions for the high school English 2 and Algebra proficiency measures.

<sup>1</sup> Reference cited is the Maryland fiscal year 2009 operating budget request.

## Certification Results

Agency, Program Name and Budget Reference <sup>1</sup>	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
MSDE Office of the State Superintendent Book 3, Page 19	High school graduation rate	Academic Year 2007  85.2%	Factors Prevented Certification	MSDE did not adequately ensure that data reported by LEAs and used in the high school graduation rate were complete and accurate. <sup>2</sup> Specifically, MSDE did not conduct comprehensive reviews of the data submitted by the LEAs. Rather, MSDE only compared the data to the prior year to identify significant fluctuations and relied on LEA representations to justify fluctuations. Furthermore, this process relies on the prior year's data, which were also not verified. As a result, there was no assurance that the reported rate was accurate.
	Percent of high school drop-outs	Academic Year 2007  3.5%	Factors Prevented Certification	<p>MSDE did not adequately ensure that data used in the drop-out rate calculation were complete and accurate. Specifically, as with the high school graduation rate, MSDE did not conduct comprehensive reviews of the data submitted by the LEAs. Rather, MSDE only compared the data to the prior year to identify significant fluctuations and relied on LEA representations to justify fluctuations. The 3.5% drop-out rate represents 10,294 students who dropped out.</p> <p>For example, the calculation considers student transfers when determining the total student population (denominator), but MSDE did not determine whether all of those students designated as transferred to another school system actually were re-enrolled in that school system (that is, whether the students actually were dropouts that should be included in the numerator). Our review of attendance data disclosed 1,979 students that were recorded as transfers to another Maryland public school for which MSDE had no corresponding record of a transfer to another Maryland public school. We contacted the respective LEAs for 20 of these students to determine the disposition of the transfers. The LEAs had no record of the reenrollment into a Maryland public school for 17 of the students tested.</p>

<sup>1</sup> Reference cited is the Maryland fiscal year 2009 operating budget request.

<sup>2</sup> The high school graduation rate calculation excludes certain data, such as students that did not graduate with the rest of their 9<sup>th</sup> grade starting class. Exclusion of this data results in the reported graduation rate being higher than if the data were not excluded. The graduation formula is consistent with the MSDE published graduation rate definition and with the formula used in several other states. During the 2006 legislative session, the Maryland General Assembly passed legislation redefining the graduation rate to include the number of students in the four-year cohort (that is, the number of students who entered as a group in 9th grade plus/minus any transfers in grades nine through twelve). The legislation directed MSDE to use the new definition after October 2011 and was to establish procedures to verify the accuracy of the data via statistical checks and on-site audits of the recordkeeping procedures at the LEAs. Implementing these procedures would help MSDE address the deficiency we cited.



## Certification Results

Agency, Program Name and Budget Reference <sup>1</sup>	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
MSDE Office of the State Superintendent Book 3, Page 19	Percent of schools that met Adequate Yearly Progress (AYP) in Reading	Academic Year 2007	Certified	Overall, the measure was deemed as Certified. The results for three sub-measures (Middle, High and Special Schools) were accurately calculated and reported. However, an incorrect measurement result for elementary schools demonstrating AYP in reading was reported by MSDE to the Department of Budget and Management for inclusion in the fiscal year 2009 budget book. Specifically, the reported result in the budget book was 77.4 percent instead of the 88.5 percent calculated by MSDE.
	Elementary Middle High Special Schools	77.4% 50.9% 79.9% 39.1%		
	Percent of schools that met Adequate Yearly Progress (AYP) in Mathematics	Academic Year 2007	Certified	
	Elementary Middle High Special Schools	89.4% 60.7% 83.9% 45.5%		

<sup>1</sup> Reference cited is the Maryland fiscal year 2009 operating budget request.

## **Scope, Objectives, and Methodology**

### **Scope**

Under the authority of the State Government Article, Section 2-1221 of the Annotated Code of Maryland, we conducted an audit of selected performance measure results reported in the Maryland fiscal year 2009 operating budget request. The audit was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As requested by the chairmen of the legislative budget committees, we are systematically auditing the performance measures from the *Managing for Results - State Comprehensive Plan* produced by the Department of Budget and Management. This Plan includes 62 performance measures categorized into five functional areas referred to as pillars. This audit is the second to be conducted pursuant to this request and focuses on 6 of the 12 performance measures from the Education functional area as reported by Maryland State Department of Education (MSDE) in the Maryland fiscal year 2009 operating budget request. Three of the six MSDE measures contained sub-measures resulting in our review of 17 separate MFR data elements.

### **Objectives**

The objectives of our audit were (1) to determine whether the most recent actual measurement results for the selected performance measures were accurately reported in MSDE's Maryland fiscal year 2009 operating budget requests and (2) to determine whether adequate control systems existed over the collection and reporting of the data related to the measurement results. Our performance audit did not include an assessment of whether the performance measures reviewed were consistent with the goals and objectives of the related programs, or were meaningful indicators of program performance.

### **Methodology**

To accomplish our objectives, we interviewed MSDE personnel responsible for collecting and reporting the measure data, reviewed performance measure calculations for accuracy, and determined whether these calculations were consistent with the definitions of the performance measures as noted in Exhibit 1. We used sampling techniques or other methods as deemed appropriate to test the

related source documents. We also analyzed MSDE's performance measurement data collection and reporting activities to evaluate whether proper controls existed to ensure data integrity.

We developed a system to categorize the results of our audit of performance measures. The four categories represent varying levels of certification of the accuracy of the performance reported by the MSDE. The categories of performance certification are defined in Exhibit 2. If during the course of our audit of a measure we found circumstances that would require us to conclude that the measure was either inaccurate or factors prevented certification, we did not perform additional audit work that may have disclosed other factors that might have adversely impacted the reported results. Certain of the six measures evaluated included sub-measures that were separately evaluated before a conclusion was drawn regarding the overall certification level for the measure. If sub-measures within a given measure had differing certification levels, we determined the overall certification level for the measure by considering the prevalence of the various certification levels in the sub-measure and the significance of any variances.

Our fieldwork was conducted on site at MSDE during the period from June 2008 to July 2009. The response from MSDE to our findings and recommendations appears as an appendix in this report. As prescribed in State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise MSDE regarding the results of our review of its response.

# Exhibit 1

## Definitions of the MSDE Education Performance Measures Audited

Page 1 of 2

Performance Measure	Definition <sup>1</sup>
<b>Percent of students entering kindergarten demonstrating full readiness on the Work Sampling System Kindergarten Assessment</b>	The total number of kindergarten students evaluated and assessed by their teachers as reaching the “full-readiness” level according to the Work Sampling System <sup>2</sup> protocol and other assessment guidelines divided by the total number of kindergarten students being evaluated during the first eight weeks of the current school year.
<b>Percent of students scoring “proficient” or better by content area, grade, and subgroup</b>	<p><b>Maryland School Assessment (MSA)<sup>3</sup></b> The number of students in grades 3 through 8 having a scale score of proficient or greater on a particular MSA test (mathematics or reading) divided by the total number of all students taking that particular MSA test.</p> <p><b>High School Assessment (HSA)<sup>4</sup></b> No definition was available for the HSA measures.</p> <p><i>Auditor’s Note – We were advised by MSDE personnel that the definition for HSA is essentially the same as the definition for MSA, just not specific to a particular grade since students take the HSA tests at different grade levels after they complete the course in the HSA subject area.</i></p>

<sup>1</sup> The definitions are substantially derived from those provided to DBM in annual State agencies’ Managing for Results budget submissions and DBM’s Managing for Results Annual Performance Report. Additional information, such as data sources, was included in certain definitions in this exhibit for informational purposes. Also, certain definitions were shortened to enhance readability.

<sup>2</sup> The Work Sampling System is a set of indicators across various curricular areas that describe skills, behavior, and knowledge of children entering kindergarten.

<sup>3</sup> The MSA is a test of reading and math that meets the testing requirements of the federal No Child Left Behind Act.

<sup>4</sup> The HSA are tests that measure school and individual student progress toward Maryland high school core learning goals.

**Exhibit 1**  
**Definitions of the MSDE Education**  
**Performance Measures Audited**

Page 2 of 2

Performance Measure	Definition
<b>High school graduation rate</b>	The number of students who received a high school diploma during the current school year divided by the sum of the number of students in grades 9, 10, or 11 who dropped out of school in the 3 prior years; the number of current year grade 12 dropouts; and the number of current year diploma recipients.
<b>Percent of high school drop-outs</b>	The number of students in grades 9 through 12 who dropped out during the school year divided by the number of grade 9 through 12 students who were in membership at any time during the school year. The dropout rate definition includes any student who was in membership during the school year in the total population including students that transferred out of the State or died during the school year and, thus, were not in attendance at the end of the school year.
<b>Percent of schools that met Adequate Yearly Progress (AYP) in Reading</b>	<p>The number of schools that met AYP in reading divided by the total number of schools measured for AYP.</p> <p><i>Auditor's note – AYP is the gain that schools, school systems, and states must make each year in the proportion of students achieving proficiency in reading and math based on MSA and HSA testing results.</i></p>
<b>Percent of schools that met Adequate Yearly Progress (AYP) in Mathematics</b>	The number of schools that met AYP in mathematics divided by the total number of schools measured for AYP.

**Exhibit 2**  
**Categories of Performance Certification**

<b>Category</b>	<b>Definition</b>
<b>Certified</b>	Reported performance was reasonably accurate.
<b>Certified with Qualification</b>	Reported performance was reasonably accurate even though either minor deficiencies were noted with the supporting documentation, controls were not sufficient, or the methodology used to calculate reported performance was not consistent with the measure definition.
<b>Inaccurate</b>	Reported performance differed significantly from actual performance; the calculation process was wrong, such as excluding data relevant to the calculation; or, as reported, the measure was misleading, such as failing to disclose the measure as a rate when applicable.
<b>Factors Prevented Certification</b>	Reported performance could not be verified, as documentation was unavailable, controls were not adequate to ensure the accuracy of the results, or results were not presented in a manner consistent with the performance measure description.

**Exhibit 3**  
**Managing for Results – State Comprehensive Plan**  
**List of 62 Performance Measures in Plan**

Page 1 of 4

<b>Performance Area</b>	
<b>Goal</b>	
<b>MFR Measure</b>	
<b>Public Safety and Safer Neighborhoods</b>	
Keeping Maryland communities safe – measured by	
1	Firearm homicide rate per 100,000 (calendar year)
2	Recidivism: Percent of offenders returned to Department of Public Safety and Correctional Services supervision for a new offense within one year of their release from the Division of Correction - all releases
3	Traffic fatality rate per 100 million miles traveled (calendar year)
Maintaining necessary security standards in correctional institutions – measured by	
4	Number of inmates who escape from all Division of Correction Facilities, Patuxent Institution, and Division of Pretrial Detention and Services facilities (in aggregate)
5	Total number of inmates who walk off from Division of Correction minimum security settings, prerelease or alternative confinement settings (in aggregate)
Providing effective rehabilitation and treatment services to offenders or substance abusers – measured by	
6	Percent of Proactive Community Supervision cases closed where the offender had satisfactorily completed substance abuse treatment programs
Preventing youth violence, alcohol and substance abuse – measured by	
7	Violent offense arrest rate for youths between 15 and 17 years of age (per 100,000 children per calendar year)
8	Recidivism: Percent of youth re-adjudicated or reconvicted within 1 year after release
9	Percent of 12th grade public school children who report using alcohol within the last 30 days
10	Percent of 10th grade public school children who report using heroin within the last 30 days
Protecting the well being of children – measured by	
11	Rate of injury-related deaths due to accidents to children and youth between 0 and 19 years of age (per 100,000 children per calendar year)
12	Percent of children with recurrence of maltreatment within six months of first occurrence
13	Statewide percent of current child support paid (Includes cases for persons who receive public assistance, and for other persons who apply for child support services from the Department of Human Resources)

**Exhibit 3**  
**Managing for Results – State Comprehensive Plan**  
**List of 62 Performance Measures in Plan**

Page 2 of 4

<b>Performance Area</b>	
<b>Goal</b>	
<b>MFR Measure</b>	
<b>Education</b>	
Children will enter school ready to learn – measured by	
1	Percent of students entering Kindergarten demonstrating Full Readiness on the Work Sampling System Kindergarten Assessment
Children will be successful in school – measured by	
2	Percent of students scoring proficient or better by grade and content area <ul style="list-style-type: none"> <li>• Reading – Grade 3 – Total all groups</li> <li>• Reading – Grade 8 – Total all groups</li> <li>• Reading – Grade 10 – Total all groups</li> <li>• Mathematics – Grade 3 – Total all groups</li> <li>• Mathematics – Grade 8 – Total all groups</li> <li>• Algebra – Total all groups</li> </ul>
Children will complete school – measured by	
3	High School Graduation Rate
4	Percent of children in grades 9 through 12 who drop out of school in an academic year
Schools will promote high levels of learning – measured by	
5	Percent of schools demonstrating Adequate Yearly Progress in reading – State totals
6	Percent of schools demonstrating Adequate Yearly Progress in mathematics – State totals
<b>Higher Education</b>	
Promoting access and academic success in postsecondary education – measured by	
1	Six year graduation rate of first-time, full-time students at Maryland public four-year colleges and universities (all groups)
2	Percent of bachelor's degrees awarded to racial/ethnic minorities at public and private Maryland colleges and universities
3	Number of community college students who transfer to a Maryland public four-year campus
Producing an educated and skilled workforce including addressing the State's critical workforce and healthcare needs – measured by	
4	Number of graduates in teaching from Maryland's public and private higher educational institutions
5	Percent of teacher candidates from Maryland public and private higher educational institutions who pass Praxis II
6	Number of graduates in nursing from Maryland public and private higher educational institutions



**Exhibit 3**  
**Managing for Results – State Comprehensive Plan**  
**List of 62 Performance Measures in Plan**

Page 3 of 4

<b>Performance Area</b>	
<b>Goal</b>	
<b>MFR Measure</b>	
<b>Health</b>	
Promoting health and well being: Babies Born healthy – measured by	
1	Infant mortality rate for all races (per 1,000 live births)
2	Rate of live births to adolescents between 15 and 19 years of age (per 1,000 women)
Promoting health and well being: Healthy children, adolescents, and adults – measured by	
3	Percent of Maryland children fully immunized (by 24 months)
4	Number of children under 6 years of age with elevated blood lead levels (>10ug/dl)
5	Cumulative percent change from the calendar year 2000 baseline for underage high school students smoking cigarettes
6	Overall cancer mortality rate per 100,000 persons (age adjusted to 2000 U.S. Standard Population)
7	Percent change in number of new HIV cases from calendar year 2000 baseline
8	Rate of primary/secondary syphilis incidence (cases per 100,000)
9	Number of reported cases of vaccine preventable communicable diseases including hepatitis A, measles, mumps, pertussis
Promoting health and well being: Services to the disability community – measured by	
10	Number of people with disabilities who achieved successful employment through assistance by the Department of Education's Disability Rehabilitation Services rehabilitation programs
11	Percent of Developmental Disabilities Administration Community Service respondents of the "Ask ME Survey" who expressed satisfaction with physical well-being, personal development, and self-determination (reported separately)
Promoting health and well being: Substance abuse treatment – measured by	
12	Percent of substance use decrease during substance abuse treatment
Promoting health and well being: Mental health services – measured by	
13	Percent of adults who report mental health services have allowed them to deal more effectively with daily problems
<b>Environment</b>	
Restoring the health of the Chesapeake Bay and its living resources – measured by	
1	Acres of submerged aquatic vegetation
2	Blue crab landings (3 year average)
3	Oyster landings (3 year average)
4	Estimated nitrogen load to the Chesapeake Bay from Maryland (in million pounds)
Improving and protecting water quality and ensuring safe drinking water – measured by	
5	Watersheds impaired by nutrients
6	Percent of Marylanders served by public water systems in significant compliance with all rules adopted as of 2002

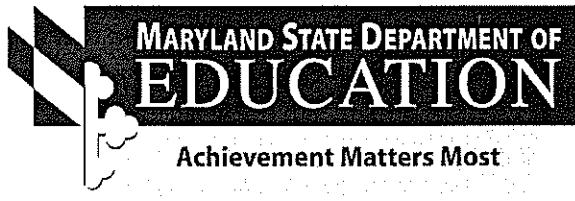
**Exhibit 3**  
**Managing for Results – State Comprehensive Plan**  
**List of 62 Performance Measures in Plan**

Page 4 of 4

<b>Performance Area</b>	
<b>Goal</b>	
<b>MFR Measure</b>	
Ensuring clean air – measured by	
7	Three year average of days the one-hour ozone standard was exceeded
Restoring contaminated industrial sites to productive use – measured by	
8	Number of acres of property in the Voluntary Clean-up Program completed and a No Further Requirements Determination or a Certificate of Completion issued
Reducing hazardous waste and hazardous materials in the environment – measured by	
9	Number of remedial actions at all State Superfund sites that are completed
<b>Commerce</b>	
Helping businesses to grow and create jobs – measured by	
1	Percent change in Maryland employment from the 2001 baseline (12 month average)
2	Rate that adult employment trainees enter employment
3	Maryland Port Administration total general cargo tonnage, (thousands)
4	Estimated direct expenditures from film, television, and other production activities in Maryland
5	Annual Baltimore Washington International Airport passenger growth rate
Improving the State's transportation infrastructure – measured by	
6	Percent of State system roadway mileage with acceptable ride quality
7	Percent of bridges on the State portion of the National Highway System that will allow all legally loaded vehicles to safely traverse
8	Total ridership for bus and rail transit (in millions)
9	System Preservation Funding Levels in the Consolidated Transportation Program (in millions)
Invigorating communities – measured by	
10	Home ownership
11	Annual percent change in Maryland per capita personal income
12	Total acres enrolled in agricultural preservation districts
Making the most of Maryland's history and culture – measured by	
13	Value of rehabilitation expenditures approved for the State Rehabilitation Tax Credit for restoration and preservation of historic properties
<b>Fiscal Responsibility</b>	
Effective resource management – measured by	
1	Number of fiscal years closed with a positive General Fund balance
2	Maintaining a triple A bond rating from all three nationally recognized bond rating agencies for each issuance of State General Obligation Bonds

**Exhibit 4**  
**Managing for Results Audit Reports Previously Issued by**  
**the Office of Legislative Audits Pertaining to the 62 Measures**

<b>Report</b>	<b>Report Date</b>	<b>Number of Measures Audited</b>
Public Safety and Safer Neighborhoods	March 19, 2009	13



## APPENDIX

Nancy S. Grasmick  
State Superintendent of Schools

200 West Baltimore Street, Baltimore, MD 21201 410-767-0100 410-333-6442 TTY/TDD

October 1, 2009


Bruce A. Myers, CPA  
Department of Legislative Services  
Office of Legislative Audits  
301 West Preston Street  
Room 1202  
Baltimore, Maryland 21201

Dear Mr. Myers:

Thank you for the draft audit report on the Managing for Results – Performance Measures – Education – State Department of Education. We have reviewed the report and agree with the findings and recommendations.

Enclosed are our responses to the findings and recommendations. Please be assured that the Department will deploy and follow up on the Corrective Actions stated in the response to address and resolve the issues contained in the findings and recommendations. If you have any questions regarding our response, please contact Suzanne Ayres, Director – Audit or Richard McElroy – Internal Auditor Supervisor on 410-767-0104 or 8856 respectively.

Sincerely,

  
Dr. Nancy S. Grasmick  
State Superintendent of Schools

Enclosures

c: Dr. Ronald A. Peiffer  
Dr. John E. Smeallie  
Mr. Stephen A. Brooks  
Ms. Renee M. Spence  
Ms. Suzanne R. Ayres CPA, MBA  
Mr. Richard C. McElroy CPA, CIA

**Managing for Results - Fiscal Year 2009  
Responses to Performance Measures Audit  
State Department of Education**

**Performance Measure:**

**Percent of students entering kindergarten demonstrating a full readiness on the Maryland Model for School Readiness Kindergarten Assessment.**

*Comment:*

*We agree with the finding and recommendation. MSDE performed several tests, some of which were performed in concert with a third party vendor, that were designed to test the integrity of data reported by the LEAs. One of these tests, as noted in the finding, was reconciliation between enrollment data and assessment data. MSDE agrees that while many of the mismatches identified as a result of the reconciliation process were properly resolved, controls were not complete to assure that each mismatch was properly investigated and documented. In the future, MSDE will strengthen existing controls, utilizing the newly established unique student identification numbers, which will ensure that each mismatch is properly investigated, resolved and documented. These additional procedures will help to ensure the accuracy of the calculation of this Performance Measure in the future.*

**Performance Measure:**

**Percent of students scoring “proficient” or better by content area, grade and subgroup:**

- **Reading – Grade 3**
- **Reading – Grade 8**
- **Mathematics – Grade 3**
- **Mathematics – Grade 8**
- **English 2**
- **Algebra**

*Comment:*

*We agree with the finding and recommendation. The third-party vendor’s reviews of Maryland’s assessments are ongoing, conducted mainly through conference calls and e-mails, and include approvals along the way for process implementation and accuracy of statistical results. It is not a one-time process that is completed within a short time span. In this regard, the third-party vendor, the testing vendor, and MSDE staff participate in meetings and conference calls (along with the other vendors) and decisions are implemented according to the third-party vendor’s direction. The evaluation is formative; as such, it takes place as each test is being developed and analyzed. The process of sequential evaluation ensures that the development of scoring*

**Managing for Results – Fiscal Year 2009**  
**Responses to Performance Measurement Audit**  
**State Department of Education**  
**(Page 2 of 4)**

*results does not move to the next step without the third-party vendor's verification. The entire process is documented by the testing vendor in a Technical Report for each assessment each year. The third-party vendor reviews this report for accuracy and completeness as thorough documentation of all processes and the accuracy of results.*

*MSDE has extensive documentation regarding review and verification processes employed by the third-party vendor up to the issuance of the Technical Report by the testing vendor. The third-party vendor did perform the verification of the FY07 Technical Report, but during the audit MSDE was not able to produce documentation to support the review. This lack of documentation is due solely to administrative error, and documentation for a similar review for FY08 is on file. As recommended, MSDE is strengthening its procedures and controls to ensure that, in the future, planned verification procedures are performed and that the results of the planned verifications are properly documented and maintained.*

*The finding also indicated that MSDE lacked a formal definition for the high school English 2 and Algebra proficiency measure. The High School Assessment (HSA) serves as the high school version of the Maryland School Assessment (MSA) and therefore has the same definition. In the future, MSDE will provide a definition for the high school MSA to clarify this point.*

**Performance Measure:**

**High school graduation rate**

*Comment:*

*We agree with the finding and recommendation. MSDE has developed several procedures which will provide assurance that the data provided by the LEAs used in the calculation of the high school graduation rate are complete and accurate. Specifically:*

- In the 2008-2009 school year, MSDE defined a new report for grade 12 students that identified students coded as receiving a Maryland Diploma on the End-of-Year attendance file. This file was matched to the High School Status Model data collection to determine if students met the graduation requirements to receive a Maryland High School Diploma. Procedures were established for the creation of the report and the follow-up required with local school systems. This process will be performed for future years.*
- Drop-outs are an integral component of the Leaver graduation rate formula currently being used through the 2009-2010 school year. Improvements that will ensure the accuracy of the drop-out data reported by LEAs to MSDE are described in the Corrective Action Plan for high school drop-outs.*

**Managing for Results – Fiscal Year 2009**  
**Responses to Performance Measurement Audit**  
**State Department of Education**  
**(Page 3 of 4)**

- *Commencing with FY11, the State Aid Audit Plan will be modified to test a sample of Maryland Diplomas awarded to students to verify compliance with graduation requirements specified by COMAR 13A.03.02.08.*
- *Commencing with the 2010-2011 school year, MSDE will implement the newly defined graduation **cohort** rate as required by the United States Department of Education for use in 2012 and comply with the documentation requirements. The final regulations address the following critical issues:*
  - *Ensures that students who drop out are not counted as “transfers.”*
  - *Gives credit for students who take longer than four years to graduate.*
  - *Holds schools accountable for improving graduation rates for all students and subgroups.*
- *To remove a student from the cohort, a school or Local Education Agency (LEA) must confirm to MSDE in writing that the student:*
  - *Transferred out (with verifiable official written documentation retained by the LEA that the student enrolled in another school or educational program that culminates in the award of a regular high school diploma); or*
  - *Emigrated to another country; or*
  - *Is deceased.*

*The above actions will strengthen MSDE’s controls and provide assurance that the data reported by the LEAs used in future calculation of the high school graduation rate are complete and accurate.*

**Performance Measure:**

**Percent of high school drop-outs**

*Comment:*

*We agree with the finding and recommendation. During the 2008-2009 school year, MSDE defined a new report for grade 12 students to identify students designated as transfers to another school system who were not re-enrolled in another local school system across the state. Procedures were established for the creation of the report and the follow-up required with local school systems. The new report is known as the “Cross LEA (Local Education Agency) Validation Report.” During the 2009-2010 school year, MSDE will expand this report to also include grades 9 through 11. Local school systems are required to review this report and make*

**Managing for Results – Fiscal Year 2009**  
**Responses to Performance Measurement Audit**  
**State Department of Education**  
**(Page 4 of 4 )**

*changes to their data file submission by changing the transfer student to a withdrawal if they are unable to substantiate the transfer code within their student records. In addition, commencing with FY11, the State Aid Audit Plan will be modified to test, on a sample basis, the accuracy of student transfer data reported to MSDE by the LEAs. The above actions, when taken in concert with the existing Z-Test verification procedure, will provide assurance that data reported by the LEAs used in the calculation of the high school drop-out rate are complete and accurate.*



AUDIT TEAM

**Brian S. Tanen, CPA, CFE**  
Audit Manager

**Nelson W. Hopkins, CPA**  
Senior Auditor

**David S. Propper**  
**Robert A. Wells**  
Staff Auditors