



Mohammed Choudhury
State Superintendent of Schools

April 18, 2022

Mr. Richard Henry
Inspector General
Maryland Office of the Inspector General for Education
100 Community Place
Crownsville, Maryland 21032

Dear Mr. Henry:

Enclosed is the Maryland State Department of Education (MSDE) responses to the Maryland Office of Inspector General for Education (OIGE) Investigative Audit of the Maryland State Department of Education's State Aid Enrollment Counts.

The MSDE is committed to ensuring that the data collection process leads to accurate state aid enrollment counts for the purpose of calculating state aid funding. The Department maintains that state aid funding was not misallocated to the local school systems. According to Education Article, Section 5-20, the MSDE must use the September 30th enrollment count from each school district to determine the total full-time-equivalent (FTE) state aid enrollment for the next fiscal year. The student data that the MSDE collects from the local school systems are correct at the time of the state aid enrollment submission. The Department is not required by law to update or reconcile the September 30th state aid eligible enrollment count after the data has been submitted to the Department of Budget and Management (DBM) and the Department of Legislative Services (DLS) on December 1st of each year.

The MSDE's data collection from the local school systems includes data system checks and error reporting, which helps to ensure the accuracy of the data collected. The enrollment count verification processes performed by the MSDE and local school systems includes a rigorous analysis that has resulted in a significantly low error rate. The Department maintains that the low error rate is attributed to the procedures and controls in place over the MSDE's data collection process.

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The OIGE's decision to frame its findings, absent proper context contributes to a seemingly less objective nature of the report. For example, one of the report's statements, which could mislead without context, is on page 7 of the report. The statement notes:

In total, \$15,527,343 of state funds were misallocated to school systems over the five years reviewed. In addition, the local funding requirement for the foundational program was overstated by \$11,578,498. In total, \$27,105,841 of state and local funds were disbursed to fund students who were subsequently self-reported to MSDE as ineligible for funding.

To deconstruct this claim:

- 1) As described above, funds were not misallocated.
- 2) The amounts described above do, indeed, reflect a large amount of money but context matters. That amount is less than 0.05% of the State Aid during that time window.
- 3) The local funding requirement for the foundational program was not overstated. The local funding requirements for the foundation program were correct at the time the MSDE provided the data to the DBM and the DLS and state law neither requires nor calls for a count reconciliation, due, in part, to complexities noted in the above-cited statement's footnote.
- 4) The percent of students identified by the OIGE ineligible for funding over the five years ranged from 0.06% to 0.1%. That means, by the OIGE's logic, 99.9% or more of the student population in Maryland was rightfully identified as eligible students over the five years.
- 5) This finding and its underlying analysis fail to account for changes in enrollment coding that would result in a student previously identified as ineligible being subsequently identified as eligible.
 - a. This omission results in dollar amounts that inherently overstate any fiscal impact.

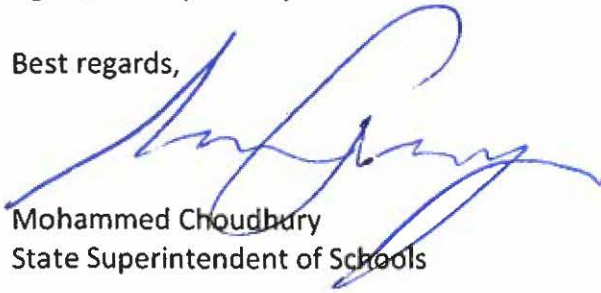
The MSDE is committed to continuously improving our processes and is currently amending internal procedures to further ensure that accurate enrollment data is collected for state aid funding calculations. We greatly appreciate the efforts of your audit staff in providing us with recommendations for improvements.

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If you have any questions regarding our responses or need any additional clarification, please Ms. Channel Sumpter, Director of Audits at 410-767-0104.

Again, thank you for your assistance.

Best regards,



Mohammed Choudhury
State Superintendent of Schools

Enclosures

c: Ary Amerikaner, Chief of Staff
Justin Dayhoff, Assistant State Superintendent of Financial Planning, Operations, and Strategy
Sylvia Lawson, Ph.D., Deputy Superintendent for School Effectiveness
Channel Sumpter, Director of Audits
Chandra Haislet, Executive Director, Performance Reporting Accountability Branch



MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

Richard P. Henry
Inspector General

Douglas H. Roloff, III
Deputy Inspector General

Investigative Audit Recommendation Response Form

Investigative Audit Number: 22-0001-A

Investigative Audit Title: Maryland State Department of Education's State Aid Enrollment Counts

Recommendation 1: Maryland State Department of Education (MSDE) should evaluate the 3,228 ineligible students identified (*Finding 1*) and determine whether state aid funds should be recovered from LEAs.

MSDE Response:

| Opinion (Concur/Non- Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|------------------------------------|--|--|---|
| Concur | While the Department agrees that we have not evaluated subsequent reporting from the 24 LEA's to detect enrollment discrepancies self-reported by LEAs, MSDE disagrees with OIGE's implication that 3,228 students had not met COMAR attendance or enrollment requirements for the five year period reviewed. Subsequent verifications of the student data reported in the Early and End of Year data collections, would be needed in order to definitively state that the 3,228 students were ineligible for funding. | Partially Implemented | During the annual End-of-Year and Early Attendance data collections for the 2022-2023 School Year |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 1: Maryland State Department of Education (MSDE) should evaluate the 3,228 ineligible students identified (*Finding 1*) and determine whether state aid funds should be recovered from LEAs.

MSDE Response - continued:

| Opinion (Concur/Non- Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|---|--|--|---|
| | The MSDE agrees with the recommendation to evaluate the identified student records. The MSDE Office of Performance Reporting and Accountability (OPRA) will evaluate the 3,228 students identified during the investigative audit and the Department will determine whether state aid funds should be recovered from LEAs. The OIGE provided a file containing necessary detail regarding the cited 3,228 students, which will allow OPRA to perform additional analysis and document the results of this review. The MSDE's OPRA has begun its review and will continue working with the local education agencies to determine if the 3,228 students were eligible as of September 30 th . | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 2: MSDE should develop and document a process to identify students self-reported by LEAs as ineligible for state aid funding during subsequent reporting. A process to immediately adjust grant amounts to LEAs should be developed. Annually, MSDE DAAIT should provide reporting to OIGE and the Maryland State Board of Education of the number of students subsequently identified by LEAs as ineligible and corresponding grant adjustments.

MSDE Response:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|--|--|--|
| Concur | <p>MSDE agrees with the recommendation. The MSDE already has a process in place for LEAs to report students that were subsequently identified as ineligible for state aid after the September 30th data was provided to the State. In order to improve upon our current process, the OPRA agrees to perform and document additional error checks as part of the Early and End-of-Year Attendance data collections to ensure accurate reporting by the LEAs across the academic year.</p> <p>For example, an error will be triggered for the following:</p> <ul style="list-style-type: none"> • When a student record is entered with zero days of attendance in the early or end of year data collection. • A system check will generate a report to identify students who were retroactively withdrawn on/before September 30th. | Partially Implemented | The additional error checks will be implemented during the spring 2023 data collections. |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 2: MSDE should develop and document a process to identify students self-reported by LEAs as ineligible for state aid funding during subsequent reporting. A process to immediately adjust grant amounts to LEAs should be developed. Annually, MSDE DAAIT should provide reporting to OIGE and the Maryland State Board of Education of the number of students subsequently identified by LEAs as ineligible and corresponding grant adjustments.

MSDE Response - continued:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|--|--|---|
| | Annually, the OPRA will provide a report of the aforementioned errors to the Office of Audits for review. The Department will evaluate our internal processes and determine if any grant adjustments will be made, as a result of these annual error checks in the LEAs subsequent reporting. If the Department develops a policy that includes annual grant adjustments to LEAs based on the results of these annual error checks, we will submit a report to the OIGE and the Maryland State Board of Education with the results of those actions. | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 3: MSDE should evaluate the 187 ineligible students (*Finding 2*) identified and determine whether state aid funds should be recovered from LEAs.

MSDE Response:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|---|--|---|
| Concur | <p>The MSDE does agree with recommendation to evaluate the 187 identified students. The MSDE Office of Audits will evaluate the 187 ineligible students identified by the OIGE in this report and determine whether these students were properly included in the LEA's enrollment count as of September 30th based on the requirements of COMAR 13A.02.06.03. If the MSDE determines that any of the 187 students identified by the OIGE did not meet the eligibility requirements to be included in the LEA's enrollment count for the respective year, the MSDE will assess whether state aid funds should be subsequently recovered from the LEA.</p> <p>The MSDE does not concur with the factual accuracy of the OIGE's analysis for Finding 2. Specifically, The State Aid Audit of Talbot County Public Schools issued August 5, 2019, and the State Aid Audit of Montgomery County Public Schools issued April 30, 2021, did uncover instances where students were disallowed due to lack of attendance or not meeting the program enrollment requirements. The aforementioned reports were provided to the OIGE during the audit.</p> | Not Yet Implemented | August 30, 2022 |

Recommendation 3: MSDE should evaluate the 187 ineligible students (*Finding 2*) identified and determine whether state aid funds should be recovered from LEAs.

MSDE Response-continued:

| Opinion (Concur/Non- Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|---|--|--|---|
| Concur | The Department would like to clarify that the state aid audits of local school systems includes a random sample of students coded as "01-Eligible for State Aid" from the September Attendance Data Collection requested from the OPRA. For the sample of students selected for testing, the audit will determine if the student met the requirements of COMAR 13A.02.06.03 for inclusion in the enrollment count as of September 30 th . The September Attendance Data Collection is the source of the sample selection and not subsequent reporting made by the LEAs in the Early or End-of-Year attendance data collections. | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 3: MSDE should evaluate the 187 ineligible students (*Finding 2*) identified and determine whether state aid funds should be recovered from LEAs.

MSDE Response - continued:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|--|--|---|
| | <p>The Department would also add that the 3,228 ineligible students noted by the OIGE as self-reported by the LEA from 2017-2021 would have been a part of the LEA student population when the audit samples were created.</p> <p>In addition, the Department does not agree with the OIGE's analysis that the MSDE Audit Office failed to meet their objective of determining the accuracy of the enrollment counts. One of the state aid audit objectives is to determine whether the LEA enrollment count was accurate as of September 30th in the years subject to audit. The audit objectives were achieved through the audit testing and review of internal controls that were performed during the state aid audits.</p> | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 3: MSDE should evaluate the 187 ineligible students (*Finding 2*) identified and determine whether state aid funds should be recovered from LEAs.

MSDE Response - continued:

| Opinion (Concur/Non- Concur) | Correction Action Plan (Provide Narrative Response) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|---|---|--|---|
| | <p>The OIGE's analysis that the MSDE Audit Office does not reflect any subsequent reporting of no show students is also inaccurate.</p> <p>The MSDE Audit Office is routinely notified by MSDE Program Divisions when an LEA subsequently reports an overstatement of students on their Verification of Enrollment Count Forms. Once notified, the MSDE Audit Office includes the number of overstated students as a disallowance during the biennial State Aid Audit of the LEA.</p> | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 4: The MSDE Audit Office should adjust their audit methodology to better address their stated audit objective regarding the accuracy of enrollment counts. At minimum, the methodology should include:

- Analysis of all student data provided by LEAs to MSDE throughout the years being audited
- A risk-based approach to determine the frequency in which each LEA is audited
- A risk-based approach to determine students for testing who are more likely to have been incorrectly funded

MSDE Response:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response*) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|--|--|---|
| Concur | <p>The MSDE agrees with the recommendation. In the future, the MSDE Office of Audits will adjust the audit methodology for audits of local education agencies when preparing the annual audit plan. The audit methodology will be based on the education programs subject to audit, defined audit objectives, audit criteria, and an assessment of internal controls at the local school system.</p> <p>The MSDE Office of Audits will determine during the planning phase of a LEA audit if an analysis of the raw student data provided by the LEA to MSDE OPRA is necessary to achieve the audit objectives. In addition, the MSDE Office of Audits will evaluate its audit sampling approach when performing state aid audits of local education agencies.</p> | Not Yet Implemented. | October 1, 2022 |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 4: The MSDE Audit Office should adjust their audit methodology to better address their stated audit objective regarding the accuracy of enrollment counts. At minimum, the methodology should include:

- Analysis of all student data provided by LEAs to MSDE throughout the years being audited
- A risk-based approach to determine the frequency in which each LEA is audited
- A risk-based approach to determine students for testing who are more likely to have been incorrectly funded

MSDE Response - continued:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response*) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|--|--|---|
| | <p>The sample selection and population will be defined in a manner that is consistent with the audit objectives and the compliance attributes being tested.</p> <p>The MSDE Office of Audits agrees to use a risk-based approach to determine which LEA will be subject to audit in its annual audit plan. The LEA audits will not be audited on a pre-determined frequency.</p> | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions

Recommendation 5: MSDE should amend the Maryland Student Records Systems Manual to define how school systems should proceed when students log 10 or more consecutive unlawful absences (*Finding 3*). The guidance should consider the impact on accurate enrollment counts while also maximizing LEAs' ability to effectively re-engage students.

MSDE Response:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response*) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|---------------------------------------|---|--|---|
| Non-Concur | The MSDE does not agree with the recommendation. The Maryland Student Records Manual already provides guidance to the local school systems on how to proceed when a student has 10 or more consecutive absences. The MSDE will continue to provide technical assistance to the local education agencies to ensure consistent reporting of the student data to the Department. | N/A | N/A |

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 6: MSDE should investigate the identified 29 duplications (*Finding 4*) and determine whether state aid funds should be recovered from LEAs.

MSDE Response:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response*) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|--|--|--|---|
| Concur | <p>The MSDE disagrees with the OIGE's finding that there were 29 instances, during the period reviewed, where a student was counted twice as eligible for state aid funding.</p> <p>At the time of reporting these students to the MSDE in the September attendance data collection, each student had a unique State Assigned Student Identification (SASID). Over time, LEAs obtained additional information about these students which led them to determine that these two different students were the same student. When this situation occurs, a request for SASID merge is made to the MSDE. When SASID merges are made, the longitudinal database maintained by the OPRA stores data with the final resulting SASID (post merge). As a result of this process, data provided to the OIGE in response to this audit request contained enrollment records with duplicate SASIDs. The OPRA initiated review of the 29 duplications identified by the OIGE.</p> | Partially Implemented | July 1, 2022 |

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 6: MSDE should investigate the identified 29 duplications (*Finding 4*) and determine whether state aid funds should be recovered from LEAs.

MSDE Response - continued:

| Opinion (Concur/Non- Concur) | Correction Action Plan (Provide Narrative Response*) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|---|---|--|---|
| | <p>We determined that 11 were the result of an incorrect SASID merge and are in fact two different students and not duplicates. The remaining 18 duplications identified were correctly merged after their respective September 30th enrollment collection.</p> <p>The MSDE agrees that the 29 records should be investigated and will work with the LEA to verify attendance data for the 18 student records that were merged after the September 30 enrollment data. The Department will determine if state aid funds should be recovered.</p> | | |

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 7: MSDE should complete a final duplicate check each year prior to submission of enrollment counts for inclusion in funding formulas. Particular attention should be paid to students who may have transferred between Baltimore City Public Schools and Baltimore County Public Schools.

MSDE Response:

| Opinion (Concur/Non-Concur) | Correction Action Plan (Provide Narrative Response*) | Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented) | Estimated Date of Full Implementation of Corrective Action |
|---------------------------------------|---|--|---|
| Non-Concur | <p>The MSDE disagrees with the recommendation since there already is in place a final duplicate check to identify and reject duplicate SASIDs. Maryland's state longitudinal data system maintains an accounting of students based on a unique student identifier and has a process in place for unmerging of student records and merging records throughout the system.</p> <p>Maryland has a rigorous process to ensure one student has one unique state identifier. LEAs are responsible for verifying all student identifying information including the correct SASID is verified prior to each data submission to MSDE which MSDE confirms during a validation process to ensure that one student has one unique state identifier.</p> | NA | N/A |

*If applicable, please include attachments that may provide better context regarding planned corrective actions.