

STATE OF CONNECTICUT



*AUDITORS' REPORT
Private Providers of Special Education
School Year 2017 - 2018*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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EXECUTIVE SUMMARY

July 21, 2020
Executive Summary

In accordance with the provisions of Section 10-91g of the Connecticut General Statutes we have audited certain operations of the State Department of Education (SDE) and the following private special education providers: Adelbrook Transitional Academy, New England Center for Children (NECC) and Natchaug Hospital Clinical Day Treatment Schools (Natchaug Hospital CDT). The objectives of this review were to evaluate whether these providers spent state or local funds to provide special education and related services for allowable costs, in accordance with each student's individualized education program. We also wanted to determine whether these providers adequately documented and supported the special education services they administered for the 2017-2018 school year.

The key findings are presented below:

Page 9	Allowable types of costs are not defined by statute, regulation, or policy. Therefore, it is not possible to clearly determine whether providers expended state or local funds for costs considered acceptable. School districts and private providers did not enter into contracts for 21 of the 27 student records we reviewed (78%) at three private providers. We did not find evidence that districts and providers executed statutorily-required written contracts for 16 of 22 (73%) students whose local district applied to SDE for excess cost grants. SDE should define allowable types of costs for private providers of special education services. (Recommendation 1.) SDE should determine whether a contract is in place between the school district and private provider prior to providing the district with an excess cost grant. (Recommendation 2.)
Page 13	Invoices did not agree to the student's IEP for 5 of the 36 (14%) records we reviewed. The IEPs lacked documentation regarding required services for the students. A private provider billed a school district for services that it did not provide to a student during the 2018-2019 school year. We found that one of the 27 (4%) reviewed students received less than the weekly required amount of related services specified in their individualized education program. SDE should communicate to school districts and private special education providers that they need to verify that services provided to students agree to services specified in the students' IEPs. (Recommendation 3.)
Page 14	Private providers often documented their services, but the thoroughness and consistency of the documentation varied by private provider. There are no documentation standards for private special education providers in Connecticut. SDE should work with private special education providers to develop and implement documentation requirements in accordance with Section 10-91k of the General Statutes. (Recommendation 4.)

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AUDITORS OF PUBLIC ACCOUNTS

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July 21, 2020

AUDITORS' REPORT PRIVATE PROVIDERS OF SPECIAL EDUCATION FOR THE SCHOOL YEAR 2017-2018

INTRODUCTION

We have audited certain operations of the State Department of Education (SDE) and the following private special education providers: Adelbrook Transitional Academy, New England Center for Children and Natchaug Hospital Clinical Day Treatment Schools. We examined individualized education programs (IEP), service provision records, and associated financial documents for 27 students in fulfillment of our duties under Section 10-91g of the General Statutes. The scope of our audit included, but was not necessarily limited to, the 2017-2018 school year. The objectives of our audit were to evaluate whether:

1. State or local funds to provide special education and related services were spent for allowable costs.
2. State or local funds to provide special education and related services from private providers were spent in accordance with each student's individualized education program.
3. Documentation supporting the special education services administered by the private providers was present and adequately maintained.

Our methodology included reviewing written policies, procedures, financial records, minutes of meetings, surveys completed by local educational agencies, and other pertinent documents. We interviewed private providers and public school district personnel, and acquired information about private providers from the State Department of Education, including documents obtained as part of its private provider approval process. We reviewed special education services (e.g. physical therapy; occupational therapy; speech and language pathology; and individual and group counseling) and tested selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls were properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and

we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis. The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from either SDE management or a private provider and was not subjected to the procedures applied in our audit of private providers.

For the areas audited, we determined there is no state statute or regulation that defines allowable types of costs and the use of written contracts between school districts and private special education providers is inconsistent. Therefore, it is not possible for us to determine whether certain expenditures by private providers were acceptable. Documentation supporting the frequency and duration of ancillary services provided by private providers to implement student individualized education programs varied greatly, and there is no set standard with which to measure adequacy.

The State Auditors' Findings and Recommendations section in this report presents our findings and recommendations, based on the audit work performed during the 2017-2018 school year, in accordance with Section 10-91g of the General Statutes. [Public Act 18-183](#) adopted many of the recommendations we proposed in 2 audit reports released in February 2018. Because of the audit process including documentation and field work, report writing and final publication, this report contains two of the three recommendations that the General Assembly already addressed in Public Act 18-183. Therefore, our recommendations specify whether legislative action is necessary at this time. Consequently, only one recommendation in this report (repeated from a prior audit) may require legislative action. We are still unable to fulfill our statutory mandate without guidance in defining what constitutes allowable types of costs. We are also allowing time for the State Department of Education and private providers to implement certain of these legislative changes.

We attempted to engage Winston Preparatory School, but the school refused to provide records to our office and cooperate with our audit. The school claimed that it was not subject to the statutory audit requirements. In our January 2020 [Annual Report to the General Assembly](#), we recommended that the General Assembly clarify the statutes to ensure our authority to audit all private special education providers.

COMMENTS

The purpose of this audit was to determine whether private special education providers expended state or local funds for allowable types of costs, in accordance with the individualized education programs (IEP) for students receiving special education services.

We primarily reviewed documentation for students attending each school during the 2017-2018 school year. The private providers receive the majority of their revenue from local and regional school districts, also known as local education agencies (LEA). The school districts are responsible for educational services and associated costs for students placed at a private provider. For the three private providers selected for review, we examined 27 student records. In addition to educational instruction, the private providers offer the following services: physical and occupational therapy, speech and language pathology, and individual and group counseling.

Background and Related Audit Reports

Effective July 1, 2015, Public Act 15-5 (Sections 278 through 281) required the Auditors of Public Accounts to conduct audits of approved and non-approved private providers of special education meeting certain criteria. Public Act 15-5 was based on the findings and recommendations of the Municipal Opportunities and Regional Efficiencies (MORE) Commission. The Auditors' special education audit duties are presented in Sections 2-90 (i) and 10-91g of the General Statutes. Public Act 15-5 also established a number of new requirements for the Connecticut State Department of Education (SDE), boards of education (BOE), private providers of special education services, and Regional Education Service Centers.

This is our 6th report under the authority within Section 10-91g of the General Statutes. Prior audit reports that include substantial background information are:

- [Private Providers of Special Education School Year 2016-2017](#) (February 19, 2020)
- [Private Providers of Special Education School Year 2015-2016](#) (February 22, 2018)
- [The State Department of Education's Approval Process of Private Special Education Programs and Oversight of Non-approved Programs](#) (February 22, 2018)
- [Approval and Monitoring of Contracts or Other Arrangements Between Local and Regional Boards of Education and Private Providers of Special Education](#) (February 22, 2018)
- [Interim Report on Special Education Private Provider Audits](#) (February 6, 2017)

Within these reports, we presented 25 recommendations for improvements. Some of these recommendations suggested legislative changes, while others related to State Department of Education and private provider improvements. These audit reports led to legislative changes that we describe below.

Changes to Special Education Statutes

The [Interim Report on Special Education Private Provider Audits](#) included several recommendations to allow our office flexibility and discretion to conduct special education audits in a more effective and efficient manner. Certain recommendations requested specific changes to the special education audit statutes.

Public Act 17-173. During the 2017 legislative session, the General Assembly acted on our recommendations with the passage of [Public Act 17-173](#). Sections 6 through 8 of the act allowed our office to conduct special education audits as often as we deem necessary, using a risk-based approach. The prior law required our office to audit each provider at least once every 7 years. The act also removed the requirement that our office audit the same number of SDE-approved and non-approved private providers. Instead, it specified that our office must audit both types of providers. In addition, the act required boards of education and private providers to provide our auditors any information deemed necessary to conduct our work. Finally, the act provided our office the authority to audit school districts to ensure they are monitoring student attendance, service delivery, and costs at private special education schools.

Public Act 18-183. During the 2018 legislative session, the General Assembly passed [Public Act 18-183](#). Effective July 1, 2018, the act required an agreement or contract between a local or regional board of education and a private provider of special education services to include an explanation of how the tuition or costs for services will be calculated. The act states that, beginning July 1, 2019, a local or regional board of education will not be eligible to receive a state supplemental special education grant for any costs of special education paid by the board of education to a private provider unless the board has entered into a written contract with the private provider. The individualized education program of a student will not be considered a contract. The act also required the Department of Education to develop standards and a process for the documentation of special education ancillary health services by a private provider of special education services.

These legislative changes went into effect on July 1, 2018, which is after we reviewed for this report. This report includes recommendations that the General Assembly already enacted in Public Act 18-183. We note this in applicable recommendations.

Original Legislation. Because the General Assembly did not adopt legislation amending our charge until subsequent legislative sessions, we based our audit selection criteria within this report on the original law. We also interviewed SDE personnel and requested information maintained in two SDE databases to identify the universe of private providers of special education.

According to the original audit language in Section 10-91g (c), the Auditors of Public Accounts were required to conduct the audits described in subsection (b) of this section as follows: (1) At least once for each private provider of special education services during a period of 7 years, except that no private provider of special education services shall have its records and accounts so examined more than once during such five-year period, unless the auditors have found a problem with the records and accounts of such private provider of special education services during such

five-year period; (2) as practical, approximately half of such audits conducted in a year shall be of private providers of special education services approved by the Department of Education and approximately half of such audits conducted in such year shall be of private providers of special education services not approved by the Department of Education; and (3) priority of conducting such audits, as practical, shall be given to those private providers of special education services (A) that receive the greatest total amount of state or local funds for the provision of special education services to students, (B) that provide special education services to the highest number of students for whom an individual services plan has been written by a local or regional board of education, and (C) that have the highest proportion of state and local funds for the provision of special education services in relation to their total operational expenses.

Legislative Requirements and Private Providers

In order to receive state excess cost grant funds, school districts must send students to SDE-approved private special education providers located in Connecticut, and meet and maintain SDE approval requirements or meet 1 of 4 exceptions:

1. A Connecticut private provider of a special education program where a student has been placed in an unapproved program as a result of a mediated settlement or formal SDE hearing decision that found the non-approved private special education program best meets the child's needs after the child's parent or guardian disputed the recommendation of the planning and placement team;
2. A Connecticut provider of a transitional/vocational program is certified as a vendor by a state agency other than SDE (e.g., Department of Developmental Services);
3. An out-of-state provider is approved by the home state and is, therefore, recognized by SDE as having an out-of-state approval (reciprocity); or
4. An out-of-state provider that is not approved by the home state is not recognized by SDE (no reciprocity), but a student's placement is the result of a mediated settlement or formal hearing. A student's parents may also unilaterally place the student for other than educational reasons, contingent upon the school district's agreement to actively participate in the student's individualized education program.

These exceptions are important because they provide the auditors with the authority to audit non-approved private special education providers that receive state or local funds or participate in a student's IEP.

This audit included:

- One SDE-approved private provider - Natchaug Hospital Clinical Day Treatment Schools;
- One private provider of a transitional/vocation program – Adelbrook Transitional Academy;
- One out-of-state private provider approved by its home state – New England Center for Children.

Table 1 shows the distinctions between these types of private providers.

Table 1. Distinctions Between Types of Private Providers				
Located in CT?	Considered Provider of Special Education?	Meet or Maintain Requirements for SDE Approval?	If Not Located in CT, Approved by Home State?	Type of Private Provider
Yes	Yes	Yes	N/A	SDE Approved Private Special Education Providers (APSEPs)
SDE non-approved providers:				
Yes	Yes	No	N/A	CT provider of special education program not approved by SDE
Yes	No	N/A	N/A	CT provider of transitional/vocational program certified as vendor by an agency other than SDE
No	Yes	N/A	Yes	Out-of-state provider approved by the home state and, therefore, recognized by SDE as having this out-of-state approval (reciprocity)
No	Yes	N/A	No	Out-of-state provider NOT approved by the home state and, therefore, NOT recognized by SDE (no reciprocity)

Reporting

We gave each private provider and the State Department of Education an opportunity to comment on the audit findings and recommendations, and their responses are included within this report. In accordance with Section 10-91g(e), we will distribute this report to the school districts sending students to the private provider, the Commissioner of the State Department of Education, and the joint standing committee of the General Assembly having cognizance of matters relating to education. The audited private providers will also receive this report.

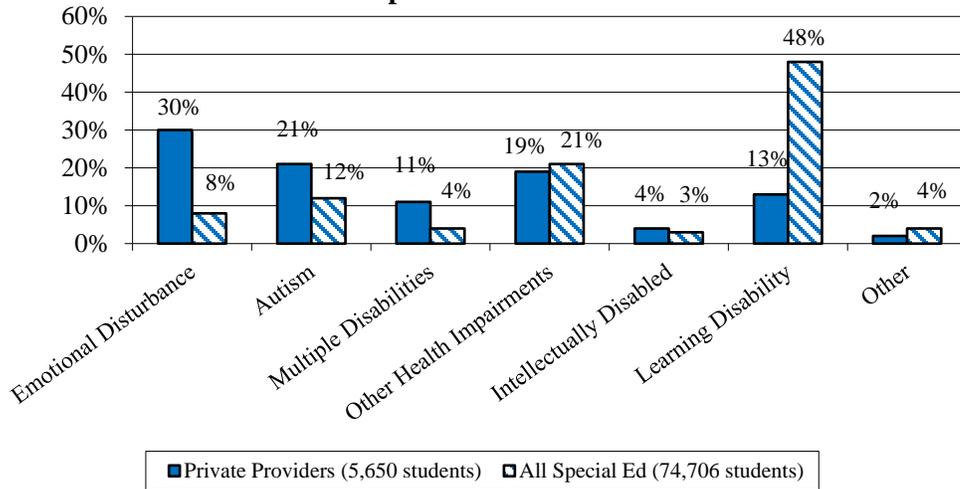
Overview of Private Providers of Special Education Services

Students Served

EdSight is a public portal for the State Department of Education containing data on students, educators, instruction, and performance. EdSight data indicated there were 516,288 Connecticut students in grades K-12 during the 2017-18 school year. Special education students totaled 74,706, which represents 14.5% of the student population. SDE approved or non-approved private special education providers educated approximately 5,650 of the 74,706 special education students (7.6% of the special education students and 1.1% of the total student population).

Figure 1 shows that a learning disability is the most prevalent disability for the 74,706 special education students in Connecticut. Learning disabilities include speech or language impairment. In contrast, the 5,650 special education students served by private providers are more likely to have primary disabilities of emotional disturbance or autism.

Figure 1. 2017-18 Comparison of Disability Type for All Special Education Students vs. Students Placed With Private Providers of Special Education



Private Provider Types

Table 2 provides details of student and provider counts by the type of private provider. The table also includes information regarding the 202 SDE non-approved private providers. It also shows that the majority of students (85.6%) attended programs at SDE-approved private providers. Although the data is as of fall of 2015, we would not expect significant changes from year to year.

Category (Data as of Fall 2015)	Total No. of Providers	No. of Providers with Students	Approximate Percentage of Students
SDE-approved private providers of special education programs (APSEPs)	68	66	85.6%
SDE non-approved providers of special education:			
CT provider <i>not approved</i> by SDE as an APSEP	10	10	2.3%
Provider of transitional/vocational program <i>certified as a vendor</i> by a state agency other than SDE	92	40	7.4%
Out-of-state provider approved by the home state and, therefore, <i>recognized by SDE</i>	94	41	4.4%
Out-of-state provider NOT approved by the home state and, therefore, <i>not recognized by SDE</i>	6	5	0.3%
Subtotal	202	96	14.4%
Total	270	162	100%

Tuition

Costs associated with services at each private provider vary depending on the nature of the services. The three audited private providers administered services to students with autism, emotional disturbances, and other disabilities. They serve approximately 10 to 75 students. **Table 3** summarizes State Department of Education data for tuition days and costs at these providers as of March 2018. This data may not represent the total population at each private provider, as SDE only captures the data for high-expense students the school district sought excess cost grant reimbursement. Students have varying service requirements that may reflect the range of tuition costs within each school.

Private Providers	Tuition Days	Tuition Cost	Average Cost per Tuition Day
New England Center for Children (Out-of-state, recognized by SDE)	2,642	\$2,040,200	\$772
Adelbrook Transitional Academy (Transitional)	3,566	1,561,141	438
Natchaug Hospital Clinical Day Treatment Schools (APSEP)	13,352	4,517,891	338

Confidential Information

Some of our reports and certain supporting documentation related to private provider audits may include student information that we must keep confidential in accordance with both the Federal Educational Records Privacy Act (FERPA) and Section 10-10a(e) of the General Statutes. As it relates to the audits, FERPA protects the privacy of student education records. Section 10-10a(e) of the General Statutes indicates that the records contained in the SDE Public School Information System “shall not be considered a public record for the purposes of section 1-210 of the Freedom of Information Act.” Therefore, all of our files and reports must be monitored to protect personally identifiable student information. Before issuing any report related to private provider audits, we submit a draft to the State Department of Education for review and approval for privacy compliance purposes. The department reviewed this report for those purposes. For reports containing protected data, public distribution is prohibited.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Based on audits of three private special education providers, findings and associated recommendations are presented below for each of the audit objectives. The following table presents which private providers we asked to respond to each recommendation and whether recommendations applied to the State Department of Education, or school districts. We did not request responses from the school districts since we were acting as their agent during the audited period.

Rec. No.	Finding No.	SDE	Adelbrook	Natchaug Hospital CDT	NECC	LEA
1 and 2	1	*	*	*	*	
	2	*	*	*	*	
	3	*	*	*	*	
3	4	*	*			
	5	*	*			
4	6	*		*		
	7	*	*	*	*	

Allowable Costs Undefined and Contract Usage Inconsistent

Finding 1 – Allowable types of costs are not defined by statute, regulation, or policy. Therefore, it is not possible to clearly determine whether providers expended state and local funds for types of costs considered acceptable.

The first audit objective was to determine whether state and local funds to provide special education and related services were spent for allowable costs. Connecticut does not define types of allowable costs for private special education providers; therefore, we could not determine whether providers expended state and local funds for allowable costs.

Our previous report on private providers noted that they are either structured as nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code or for-profit organizations. These structures create different objectives, including whether they are motivated to provide services at a profit. All three private providers in this audit are nonprofit organizations. Without a clear definition of allowable types of costs, it is difficult to determine whether certain providers overcharged school districts.

Notably, federal guidelines state that the school district cannot weigh costs when considering services in student individualized education programs. While the legislature charged our office with reviewing allowable costs, the school district must pay for any tuition-based amount, even if it far exceeds the total costs associated with educating students.

Finding 2 – School districts and private providers did not enter into contracts for 21 of the 27 student records we reviewed (78%) at the three private providers. More specifically, there were no contracts for 15 of the 16 student records reviewed (94%) at the approved private special education provider, 2 of the 5 student records reviewed (40%) at the SDE recognized out-of-state provider, and 4 of the 6 student records reviewed (67%) at the transitional school.

Many of the contracts we reviewed lacked language detailing the private provider’s calculation of tuition and charges for related services. In lieu of contracts, school districts and private providers appeared to rely only on the student individualized education program and a rate letter sent to the school district by the private provider. The General Statutes and regulations only require a contract between school districts and private providers when the districts apply to the State Department of Education for excess cost grants. Beginning July 1, 2018, Public Act 18-183 required any agreement or contract between a local or regional board of education and a private provider of special education services to include, at a minimum, an explanation of how the tuition or costs for services provided under the agreement or contract are to be calculated. Under the act, student IEPs are not considered a contract between a board of education and a private provider for purposes of applying for state excess cost grant funds.

Finding 3 – We did not find evidence that local school districts and providers executed statutorily-required contracts for 16 of 22 (73%) excess cost grant students. More specifically, we could not find evidence that they executed statutorily-required contracts for 10 of 11 (91%) students reviewed at approved private special education providers, 2 of the 5 student records reviewed (40%) at the SDE recognized out-of-state provider, and 4 of the 6 student records reviewed (67%) at the transitional school

There was no evidence that local school districts and providers executed contracts for 16 of 22 students for which school districts applied to the State Department of Education for excess cost grants. Section 10-76d (d) of the Connecticut General Statutes requires a contract between a school district and a private provider for excess cost grant reimbursement for a special education student placed out of district. School districts may apply for these grants when the cost to educate a student exceeds the district’s basic contribution threshold by 4.5 times the net current expenditures per pupil (NCEP) and basic contributions, according to the Special Education Excess Cost Grant User Guide Version 1.2. Contracts are not required when school districts do not seek excess cost grant reimbursement.

In addition to requiring contracts for excess cost grants, sound business practice recommends that vendor contracts include specific language regarding the scope of services, including the contract term, cost of services, and specific provisions on how costs will be calculated, invoiced, and paid. Contracts should also contain clear provider performance objectives and measurements. Payments for services should be linked to those objectives. Contracts should also address standard terms and conditions, entity-specific provisions such as insurance requirements, employee qualifications, and grounds for termination. The contract should be signed by both parties.

School districts applied for excess cost grant reimbursement for 22 of 27, or 82%, of students. Our office examined the records for the 22 students to locate contracts between private providers and the school districts. There is no evidence of executed contracts for 16 of these 22, or 73%, of students. We did not find contracts in place for 5 of 5, or 100%, of students for which the school districts filed no excess cost grant application (**Table 4**).

Table 4. Evidence of Contracts and Excess Cost Grant Applications for 27 Students				
		LEA applied for excess cost grant?		Total
		Yes	No	
Contract found?	Yes	6	-	6
	No	16	5	21
	Total	22	5	27

Recommendation: The State Department of Education should define allowable types of costs for private providers of special education services. Legislative action may be necessary to accomplish this goal. (**See Recommendation 1.**)

Private Provider

Responses:

Adelbrook Transitional Academy Response:

"Adelbrook Transitional Academy provides its services using a daily rate that is given to LEAs upon their enrollment of a student at our school. All services provided are in accordance with the student's IEP."

New England Center for Children Response:

"While Connecticut does not define types of allowable costs for private special education providers, New England Center for Children does comply with the Massachusetts regulations that defines types of allowable costs."

Natchaug Hospital Clinical Day Treatment Schools Response:

"Natchaug Hospital currently provides all services within our specialized setting at one daily rate. This includes a small, individualized setting with instructional and support services provided as required on the student's Individual Educational Plan (IEP)."

SDE Response:

"We agree with this finding. Allowable cost can be defined as the supports and services that are documented within the student's individualized education programs (IEP). The PPT must determine the student's individualized needs to access free appropriate public education (FAPE) within the least restrictive environment. If the district is unable to implement the IEP as designed, the team must consider placement options. Federal guidelines state that the consideration of costs is not permitted by the school district when considering

services in student IEPs. Under the federal Individuals with Disabilities Education Act (IDEA), children with disabilities have an unconditional right to a FAPE. If a particular program or service is necessary to appropriately meet the special education needs of a student, then that service must be provided without regard to cost. School districts should be contracting for services from vendors only after the PPT has determined what services/supports and accommodation are needed to provide FAPE.”

APA’s Concluding

Comment:

Our office does not necessarily agree with part of the department’s response. A contract between a school district and a private provider can be executed at any time and used as needed, without considering the timing related to FAPE. We would also note that other states define allowable costs for reimbursement. Massachusetts defines both reimbursable and non-reimbursable costs and works with each approved private provider of special education to establish a tuition price tailored to their program. The Commonwealth also establishes the tuition rate for an individual student placement with an unapproved private provider. All private providers receiving funds are required to submit an independent auditor’s report and other specific reporting requirements annually. The Operational Services Division performs these functions for Massachusetts, which is equivalent to the Department of Administrative Services in Connecticut. Simply stating, “allowable cost can be defined as the supports and services that are documented within the student’s individualized education programs (IEP),” could result in unnecessary audit findings when a private provider’s daily tuition rate includes services that are not within the student’s IEP. Care should be taken to establish a policy that defines costs the state considers allowable and unallowable.

Recommendation: The State Department of Education should determine whether a contract is in place between the school district and private provider prior to providing the district with an excess cost grant. No legislative changes are needed at this time. (**Recommendation 2.**)

Private Provider

Responses:

Adelbrook Transitional Academy Response:

"Adelbrook Transitional Academy currently provides a contract to all LEAs that enroll a student.”

New England Center for Children Response:

New England Center for Children did not provide a response.

Natchaug Hospital Clinical Day Treatment Schools Response:

“Natchaug Hospital CDT sites are currently receiving contracts from our sending LEAs. We will be doing ongoing audits of our student files in order to request any that have not been received.”

SDE Response: “We agree with this finding. The CSDE Fiscal Office has established a documentation process when filing for Excess Cost grant funds within the Special Education Excess Cost Grant Layout program. Superintendents must attest to a contract having been executed with the private provider.”

Payments to Private Providers of Special Education

The second audit objective was to determine whether state and local funds to provide special education and related services have been expended in accordance with the individualized education program for each child. We found that invoices did not agree to the IEPs for 2 of the 27 student records we reviewed. The exceptions came from one private provider, so we expanded our review at that provider. For 3 of the 9 additional records we reviewed, the invoices did not agree to the individualized education program. The private provider billed the school districts for services that were not included in the students’ IEPs. However, based on discussions with the school districts, we determined that the services were necessary and that information was erroneously excluded from the IEPs.

Based on a school district’s review, they determined that a private provider billed them for services that the provider did not perform for one student in the 2018-2019 school year. The services should have been discontinued after the 2017-2018 school year, but were continued in error. The private provider immediately credited the district for the amount paid in error.

Finding 4 – Invoices did not agree to the individualized education programs for 5 of the 36 (14%) student records we reviewed. The IEPs lacked documentation regarding required services for the students. A private provider billed a school district for services that it did not provide to a student during the 2018-2019 school year.

We found that invoices matched the agreed-upon tuition amounts for 27 of 27 (100%) of the student records we reviewed. Students attending private special education facilities often receive related services (physical therapy, occupational therapy, speech and language pathology services, and counseling services) in addition to their education. We compared invoices and agreed-upon tuition amounts pertaining to the 27 students. The invoices matched the agreements in all cases. However, one of the 27 reviewed students did not receive the correct amount of related services for two months of the school year. The student received .50 hours per week of a related service rather than the .75 hours per week stated in the IEP.

Finding 5 – We found that one of the 27 (4%) reviewed students received less than the weekly required amount of related services specified in their individualized education program.

Recommendation: The State Department of Education should communicate to school districts and private special education providers that they need to verify that services provided to students coincides with services specified in the students' individualized education programs. No legislative changes are needed at this time. (See **Recommendation 3.**)

Private Provider

Responses: *Adelbrook Transitional Academy Response:*

"Adelbrook Transitional Academy provides related services in accordance with the student's IEP."

Natchaug Hospital Clinical Day Treatment Schools Response:

"Natchaug Hospital CDT stands ready to verify any and all services provided on the student's IEP in our school. These services are being provided by appropriately certified and/or licensed personnel."

SDE Response: "We agree with this finding. Effective July 1, 2018, contracts developed by the LEA may require service verification. The CSDE has developed a standardized service verification form for use when required via contract and emphasized the need to ensure the services are in alignment with the student's Individualized Education Program (IEP)."

Documentation Requirements Undefined

Finding 6 – Private providers often documented their services, but the thoroughness and consistency of the documentation varied by private provider.

The third audit objective was to determine whether documentation supporting the special education services administered by the private providers was present and adequately maintained. We found that private providers often documented provisions of supporting special education direct services; however, the thoroughness of documentation varied by provider. Documentation is one way to assess whether the private provider delivered the services specified in the IEP. Without documentation, we could not determine whether services were delivered.

We were unable to determine if Natchaug Hospital delivered special education services at the frequency specified in the student's IEP. Natchaug maintains class schedules which identify periods of the school day when students are to attend group counseling sessions. The hospital schedules separate times for individual students requiring occupational therapy, however it does not maintain documentation of student attendance. The hospital contracts with a third-party for speech and language pathology services, however it does not maintain documentation regarding the date, amount of time, or the name of the individual delivering the service.

We found evidence that the students at the other private providers received services specified in their individualized education program. Each private provider may administer a unique set of related services, including occupational and physical therapy, and speech and language pathology services. Private providers documented services offered to the students reviewed. When related services were offered, the remaining private providers we examined maintained detailed documentation of services delivered, including date, type of service, amount of time, and name of the student and related services provider. The most common reasons providers did not deliver IEP-required services to students are that the professional or student was absent or unavailable on the date of the scheduled service.

Finding 7 – There are no documentation standards for private special education providers in Connecticut.

Connecticut does not have documentation standards for private special education providers to follow. If local school districts had the ability to examine consistent private provider documentation of services, local boards could assess whether the private provider delivered the services specified in the student’s individualized education program. Connecticut statutes, regulations, and State Department of Education guidelines do not require documentation, or provide guidance or standards for private provider documentation of related services. We found private provider documentation typically included the date, type of service, duration of service, and names of the students and related service providers. The State of New York mandates documentation requirements for private providers in its *Reimbursable Cost Manual for Programs Receiving Funding* and the Education Law to Educate Students with Disabilities. The manual states, “Related service records must be maintained for each child and each service session, indicating the date, duration, nature and scope of service provided, with the name, license or certification number and signature of the related service provider.” Connecticut does not have a similar standard. Beginning July 1, 2018, Public Act 18-183 required the State Department of Education to develop standards and a process for private providers of special education to document related services. This requirement was codified in Section 10-91k of the General Statutes.

Recommendation: The State Department of Education should work with private special education providers to develop and implement documentation requirements in accordance with Section 10-91k of the General Statutes. No legislative changes are needed at this time. (See **Recommendation 4**.)

Private Provider

Responses:

Adelbrook Transitional Academy Response:

"Adelbrook Transitional Academy currently maintains related service records that are in compliance with all requirements. Documentation of all services performed is provided to LEAs."

New England Center for Children Response:

“New England Center for Children does maintain related service records for each child and each service session, indicating the date, duration, nature and scope of service provided. Additionally, New England Center for Children records include the name, and license or certification number of the related service provider.”

Natchaug Hospital Clinical Day Treatment Schools Response:

“Due to a different requirement by recent statute, all related services are currently being transmitted to the LEA in a defined format in order to have the information required for the district to qualify for filing for Medicaid reimbursement. We feel that this current documentation can serve a dual purpose, and can be used to satisfy this requirement as well. Any LEA that has been granted exempt from filing Medicaid due to its small size will receive the same information.”

SDE Response: “We agree with this finding. Effective July 1, 2018, contracts developed by the LEA may require service verification. The CSDE has developed a standardized service verification form for use when required via contract.”

RECOMMENDATIONS

The prior audit report on the audit of private providers included 3 recommendations, 3 of which were repeated during the current audit.

Status of Prior Audit Recommendations – Repeated:

- **The State Department of Education should define allowable types of costs for private providers of special education services. Legislative Action may be necessary to accomplish this goal.** There is no definition of allowable types of costs for such services and this condition is repeated within Recommendation 1.
- **The State Department of Education should determine whether a contract is in place between the school district and private provider prior to providing the district with an excess cost grant. No legislative changes are needed at this time.** We found that not all private providers had appropriate contracts in place despite receiving excess cost grants. While Public Act 18-183 clarified the requirements, we continued to find a lack of contracts, which was not unexpected due to the timing of the legislation. Nevertheless, this is repeated as Recommendation 2.
- **The State Department of Education should work with private special education providers to develop and implement documentation requirements in accordance with Public Act 18-183 of the General Statutes. No legislative changes are needed at this time.** We found that information was not always documented fully. While Public Act 18-183 clarified the requirements, we continued to find inconsistent documentation, which was not unexpected due to the timing of the legislation. Nevertheless, this is repeated as Recommendation 4.

Current Audit Recommendations:

- 1. The State Department of Education should define allowable types of costs for private providers of special education services. Legislative action may be necessary to accomplish this goal.**

Comment:

Connecticut does not define types of allowable types of costs for private special education providers. Therefore, we could not determine whether private providers expended state and local funds for allowable types of costs.

- 2. The State Department of Education should determine whether a contract is in place between the school district and private provider prior to providing the district with an excess cost grant. No legislative changes are needed at this time.**

Comment:

There were no contracts between the school districts and private providers for 78% of the student records reviewed. There was no evidence that contracts were executed for 73% of students for which school districts applied to the State Department of Education for excess cost grants. Public Act 18-183 required contracts between school districts and providers for purposes of applying for state excess cost grant funds.

- 3. The State Department of Education should communicate to school districts and private special education providers that they need to verify that services provided to students coincides with services specified in the students' individualized education programs. No legislative changes are needed at this time.**

Comment:

At one private provider, students received services that did not coincide with the services specified in their individualized education programs. We found one overbilling issue that the provider immediately corrected.

- 4. The State Department of Education should work with private special education providers to develop and implement documentation requirements in accordance with Section 10-91k of the General Statutes. No legislative changes are needed at this time.**

Comment:

Connecticut does not have documentation standards for private special education providers to follow when documenting that they delivered special education services. Beginning July 1, 2018, Public Act 18-183 required the State Department of Education to develop standards and a process for private providers of special education to document related services.

Acknowledgement

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

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CONCLUSION

In conclusion, we wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the State Department of Education, school districts, and private special education providers during the course of our examination.



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