



MPAAA 2024 Fall Conference

Gloria Suggitt and Jose Quintero
Office of Financial Management
Michigan Department of Education
September 16-18, 2024

Audit Findings – QCR and OAG

- OAG Findings
- QCR Findings
- CEPI Findings

OAG FINDINGS

OAG FINDINGS

- Virtual Learning in Traditional Public Schools (follow-up of 2020 decision)
- Material Condition: Need for a strategy to evaluate the quality and effectiveness of virtual learning.
- MDE response: Not complete

OAG FINDINGS

- Virtual Learning in Traditional Public Schools
- Material Condition in 2020: Guidance did not ensure pupil auditors consistently verified that the populations used to monitor and evaluate school district compliance with requirements related to virtual learners and teachers were complete and accurate.
- MDE Response: MDE provided training to pupil auditors regarding populations used for pupil audits. MDE and CEPI provided a teacher credential verification report to be used by pupil auditors to assist in determining the completeness of district provided teacher populations. MDE guidance requires pupil auditors to verify the completeness and accuracy of pupil and teacher populations.

OAG FINDINGS

- Virtual Learning in Traditional Public Schools
- Material Condition in 2020: Guidance did not include procedures to validate teachers who help proper subject and/or grade endorsement for virtual courses they taught.
- MDE Response: Worked with CEPI to create the Teacher Credential Verification Report and provided training on the use of the report. Updated the pupil auditing manual to require pupil auditors verify teachers hold proper grade endorsements.



OAG FINDINGS

- Virtual Learning in Traditional Public Schools
- Material Condition 2020: Guidance did not include procedures to confirm virtual learners consistently met the applicable Michigan Merit Curriculum graduation requirements.
- MDE Response: Submitted response to OAG, waiting on final report.



OAG FINDINGS

- Virtual Learning in Traditional Public Schools
- Material Condition 2020: Guidance did not ensure pupil auditors consistently obtained information from school districts regarding school buildings used for virtual learning purposes to verify each building had been assigned a building code.
- MDE Response: MDE updated the pupil auditing manual to require pupil auditors verify districts reported all buildings in the EEM by periodically visiting virtual learning centers and other school buildings when conducting a field audit. MDE also issued guidance requiring districts to identify buildings used for educational purposes and report them in the EEM.



OAG FINDINGS

- Virtual Learning in Cyber Schools
- Material Condition (2016-2017 – report issued 2020): MDE did not always ensure that cyber schools sufficiently demonstrated compliance with attendance and participation requirements for students.
- MDE Response: Audit still in process – no preliminary finding issued.



QCR FINDINGS

QCR FINDINGS

- Initial testing samples must be random
- Rounding of sample size or Error rate exceeded 5%
 - MDE required additional testing required to reduce below 5%
- PMAM: If errors are isolated, **informed professional judgment** allows the auditor to focus sample expansion on the **subpopulations with the isolated errors**. The auditor is encouraged to request that the district identify and correct the isolated errors before expanding the sample.

QCR FINDINGS

- Report to MDE all District error rates exceeding 10%
 - Can be reported via email to Department Specialist Jose Quintero
- PMAM: In all cases when an auditor has determined that the building/program error rate is equal to or exceeds 10%, **the auditor is required to report** the planned sample expansion to the Pupil Membership Audit Specialist at the Department's Office of Financial Management – Audits Unit.
- We will work with you to develop a plan moving forward for District with high error rates.
 - Field Auditing these Districts
 - QCR to focus on specific Districts

QCR FINDINGS

- Field Audits - Teacher Interviews
 - PMAM: A field audit requires the auditor to interview 5% of teachers and school district pupil accounting personnel with a **minimum of two teachers and one school district pupil accounting personnel** or, whichever is greater, for each building included in the field audit to determine the possibility that pupil accounting records may have been intentionally altered to secure unfair or unlawful gain. No more than ten teachers and school district pupil accounting personnel in the field audited building are required to be interviewed.
 - Appendix I – Provided as a sample for teacher and staff interviews
 - Appendix J – Provided as a sample for teacher and staff interviews – Virtual Programs

QCR FINDINGS

- Pop III Summaries for testing
 - Ensure the population III total population is identical to the count tested in Appendix F.
 - Appendix F total population must match the MSDS Alpha list (Total records)
- PMAM: POPULATION III – NONCONVENTIONAL PUPILS
- **AUDIT STEPS :**
 - 1. Obtain lists from the district of all nonconventional (Pop III) pupils and the pupils' applicable categories from sections 5 and 6 of the Pupil Accounting Manual (PAM).
 - 2. Determine in which Pop III category to test the pupils. Pupils in multiple Pop III categories must be sampled from the category of highest risk as determined by the pupil membership auditor. The sample may target known risk areas.
 - 3. Follow the procedures found in the subsequent applicable Pop III sections of this manual.
Note: The procedures found in this manual are not all-inclusive of membership requirements.
 - 4. The Pupil Accounting Manual (PAM) along with the accompanying law, should be consulted to confirm the sample has adequately satisfied all membership requirements.

Appendix F

SAMPLE SUMMARY AND ANALYSIS

INITIAL SAMPLE	Total Pop.	Risk %	Sample Size	# of Errors	% of Errors	1st Expansion	Risk 25%	1st Exp	# of Errors	Total Errors	% of Errors
Example	400	10%	40	3	7.5%	Example	25%	60	2	5	5%
Pop. I						Pop. I					
Pop. II						Pop. II					
Pop. III						Pop. III					
Total						Total					

Each sample was selected in the following manner:

Population I:

Population II:

Population III:

	POP. III CATEGORIES IN BUILDING/PROGRAM	COUNT	SAMPLE SIZE	# ERRORS	% ERRORS
5-A	Alternative Education Programs				
5-B	Cooperative Education Programs				
5-C	Home-Based Pupils				
5-D	Homebound and Hospitalized Pupils				
5-E	Nonpublic and Homeschool Pupils				
5-F	Part-Time Pupils				
5-G-A	Postsecondary and Career Technical Education Dual Enrollment				
5-G-B	Early Middle College Programs				
5-G-C	Postsecondary Gifted and Talented Programs				
5-H	Reduced Schedule Pupils				
5-I	Sections 105 and 105c of Choice				
5-K	Special Education Early Childhood Programs and Services				
5-L	Special Education Pupil Transition Services				
5-M	Split-Schedule Pupils				
5-N	Pupils with Suspension Expulsions				
5-O-A	Distance Learning and Independent Studies				
5-O-B	Offline Seat Time Waiver Programs				
5-O-C	Cyber Schools				
5-O-D	Virtual Programs				

	POP. III CATEGORIES IN BUILDING/PROGRAM	COUNT	SAMPLE SIZE	# ERRORS	% ERRORS
5-P	Work-Based Learning Experiences, Apprenticeships, and Internships				
5-Q-A	Section 23a Dropout Recovery Programs				
5-Q-B	Section 25e Pupil Membership Transfers				
5-Q-C	Visa Programs				
6-A	Experiential Learning Courses				
6-B	Peer-to-Peer Elective Course Credit Program				
6-C	Future Proud Michigan Educator Explore Programs				

QCR FINDINGS

- 5-G-A: Postsecondary & Career & Technical Education:
Dual Enrollment
 - Ensure the pupil was concurrently enrolled in and attending at least one high school course. (College course may qualify for high school credit)
 - Ensure the course was included in the pupil's schedule during the count period and on transcripts.
 - Provide invoice and payment for pupils tested during the QCR.

QCR FINDINGS

- 5-E: Nonpublic / Homeschool Shared Time Pupil
 - Shared time classes not practically available to full-time pupils
 - Courses in catalog did not identify optional learning experiences and times and locations where experiences are offered
 - No documentation of transportation plan
 - No evidence of background checks for teachers and others involved in shared time offerings

QCR FINDINGS

- 5-D: Homebound & Hospitalized Pupils
 - An appropriate physician, hospital, or licensed treatment facility certified the pupil as homebound or hospitalized. Evidence must consist of **certification from a physician who is either an M.D. or a D.O. or a licensed physician's assistant or a nurse practitioner.**
 - The pupil is provided a homebound/hospitalized teacher who is appropriate for the pupil's grade level.
 - Instructional services were provided as follows:
 - For a general education pupil, a minimum of two 45-minute periods of instructional service per week.
 - For a pupil with an individualized education plan (IEP), a minimum of two one-hour, nonconsecutive hours of instructional service per week. A certified special education teacher must have provided instructional service if the pupil's IEP specifically mentions homebound services with a certified special education teacher. Please note this requirement is dependent upon the existence of an IEP rather than special education FTE being claimed for a pupil.
 - Parental request for cancellation counts as attempt to provide service.

QCR FINDINGS

- 5-O-D: Virtual Learning
 - Lack of parental consent forms for virtual learners
 - Students did not meet participation requirements
 - Two-way communication a year long process



QCR TIDBIT

- Make sure audit narrative are complete – buildings, audit type, audit hours, and percent tested.
- When providing QCR docs with student info, use the file transfer service.
- Provide required documentation for the QCR only. The more you provide, the more we review!



[This Photo](#) by Unknown Author is licensed under [CC BY-SA-NC](#)

Most Commonly Used Findings Reported to CEPI



Most Commonly Used Findings Reported to CEPI – Spring 2024 General Collection

- Most Pupils Affected
- Largest FTE Changes
- Virtual Learning
- FTE Addbacks

Most Pupils Affected

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S64	Other	2837	-26.17	111
S82	Certified Teacher	2066	-163.29	68
S4	Attendance - FTE adjusted for classes attended	1154	-41.56	290
S85	Virtual Learning – Two-way Communication	411	-149.53	146
S14	General Ed/Special Ed split	378	0.68	216
S2	Absence - 10 Day	368	-146.27	202
S99	Multiple Audit Findings - List findings in comment section	314	-17.34	14
S19	Special Ed - Ancillary Services Only	300	-3.40	7
S84	Early Middle College - >1.0 FTE	206	36.53	19
S87	Shared Time Pupils - FTE	202	-4.25	14
S47	Special Education Early Childhood – Service	165	-59.00	47
S1	Absence - 30 Day	164	-98.96	123

Largest FTE Changes

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S82	Certified Teacher	2066	-163.29	68
S85	Virtual Learning – Two-way Communication	411	-149.53	146
S2	Absence - 10 Day	368	-146.27	202
S1	Absence - 30 Day	164	-98.96	123
S33	Homebound Hospitalized - Hours of Instruction	111	-71.00	87
S47	Special Education Early Childhood – Service	165	-59.00	47
S93	Virtual Learning - Two-way Weekly Interaction	130	-50.19	58
S4	Attendance - FTE adjusted for classes attended	1154	-41.56	290
S3	Absent - Before Count Day, No Return	56	-36.97	37
S8	Duplicate Pupil Count	42	-32.76	31
S51	Suspended and Expelled - Other	47	-29.17	35
S64	Other	2837	-26.17	111

Virtual Learning

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S85	Virtual Learning – Two-way Communication	411	-149.53	146
S93	Virtual Learning - Two-way Weekly Interaction	130	-50.19	58
S83	Virtual Learning – Parental Consent	79	-14.69	5
S56	Virtual Courses or Distance Learning – Other	37	-5.59	21
S55	Virtual Courses – Attendance	29	-8.71	16

FTE Addbacks

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S9	Alpha Roster - Pupils not on list but eligible	93	66.11	69
S84	Early Middle College - >1.0 FTE	206	36.53	19
S62	Work-Based - Other	60	16.69	6
S94	Shared Time Pupils - Classes/Programs	122	15.02	122
S17	Special Education – §53a to §52	41	3.39	8
S48	Special Ed Early Childhood - Other	26	1.11	8
S14	General Ed/Special Ed split	378	0.68	216
S44	Reduced Schedule - Other	9	0.63	5



QUESTIONS



Presenter Contact

- Gloria Suggitt
 - Suggittg@michigan.gov
 - P: 517-241-2225 C: 517-648-2768
- Jose Quintero, CFE
 - Quinteroj@michigan.gov
 - P: 517-241-4817 C: 517-930-8471