

MPAAA 2025 SPRING CONFERENCE

- Gloria Suggitt, Audit Manager
- Jose Quintero, Audit Specialist
- Office of Financial Management
- Michigan Department of Education
- May 5-7, 2025

COMMON
AND NOT
SO
COMMON
AUDIT
FINDINGS

- OAG Findings
- QCR Findings
- CEPI Findings

OAG FINDINGS

OAG FINDINGS

- The OAG is conducting a performance audit of the Pupil Accounting and Auditing Process, combined with a review of Section 23a – Dropout Recovery Program
- No findings have been noted as yet, however, there have been many items of focus and requests for additional information:
 - Complete Audit Planning Schedules
 - Color coding key on documents
 - Questions on the QCR process
 - All buildings in a district listed on the planning schedules
 - All buildings included on the Audit Narrative
 - If the district has students claimed for 23a, please note in the workpapers - Field Audit Checklist with a description of how it was audited.

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.
- MDE – Audits Unit 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)

QCR FINDINGS

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%	1 st 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 Homeschooled Pupils				
5-F	Part-Time Pupils				
5-G-A	Postsecondary and Career and Technical Education Dual Enrollment				
5-G-B	Early Middle College Pupils				
5-G-C	Postsecondary Gifted and Talented Programs				
5-H	Reduced Schedule Pupils				
5-I	Sections 105 and 105c Schools 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 Suspensions and 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.

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. (No longer 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, previous count audited.
- When providing QCR docs with student info, use the file transfer service.
- Please provide a key or index of documents submitted.
- Provide required documentation for the QCR only. The more you provide, the more we review!

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

- Most Pupils Affected
- Largest FTE Changes
- Virtual Learning

Most Pupils Affected

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S4	Attendance - FTE adjusted for classes attended	1409	-121.37	296
S82	Certified Teacher	1289	-130.76	42
S64	Other	1039	-30.06	116
S14	General Ed/Special Ed split	514	1.09	216
S84	Early Middle College - >1.0 FTE	464	150.82	25
S87	Shared Time Pupils - FTE	439	-5.86	16
S2	Absence - 10 Day	282	-87.44	154
S47	Special Education Early Childhood – Service	227	15.36	62

Largest FTE Changes

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S82	Certified Teacher Attendance - FTE adjusted for classes attended	1289	-130.76	42
S4	Duplicate Pupil Count	1409	-121.37	296
S8	Absence - 10 Day	129	-120.65	95
S2	Absence - 30 Day	282	-87.44	154
S1	Virtual Learning – Two-way Communication	152	-86.84	105
S85	Virtual Courses – Attendance	169	-60.85	90
S55	Virtual Learning - Two-way Weekly Interaction	95	-49.15	33
S93	Pupil Schedule	121	-47.74	52
S11		82	-35.68	41

Virtual Learning

Finding Code	Finding ShortName	Pupils Affected	FTEChange	Findings Count
S85	Virtual Learning – Two-way Communication	169	-60.85	90
S55	Virtual Courses – Attendance	95	-49.15	33
S93	Virtual Learning - Two-way Weekly Interaction	121	-47.74	52
S56	Virtual Courses or Distance Learning – Other	67	-11.88	33
S83	Virtual Learning – Parental Consent	4	-1.42	2



QUESTIONS

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