RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

July 31, 2012

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Mr. Ringler:

This is in response to your July 19, 2012, e-mail. In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is the corrective action plan to address the recommendations contained in the Office of the Auditor General's audit report of the Assistance to High Priority Schools within the Michigan Department of Education.

Questions regarding the summary table or corrective action plans should be directed to Janet Laverty at lavertyj@michigan.gov or 373-1967.

Sincerely,

Signature Redacted

Michael Flanagan
Superintendent of Public Instruction

cc: Governor Rick Snyder
        Thomas McTavish, Auditor General
        Mary Ann Cleary, Director, House Fiscal Agency
        Ellen Jeffries, Director, Senate Fiscal Agency
        Senator Roger Kahn, Senate Appropriations Committee
        Representative Charles Moss, House Appropriations Committee
        Senator Phil Pavlov, Senate Education Committee Chair
        Representative Lisa Posthumus, House Education Committee Chair
        Janet Laverty, Director, MDE Budget Office

Office of Education Improvement and Innovation

OAG Material Finding Corrective Action Plan Follow-Up
Performance Audit of Assistance to High Priority Schools, May 2010

NOTE: High Priority Schools are now known as "MI Excel Schools."

Finding 1: Evaluating Impact of Support Initiatives

a. MDE utilizes standardized service plan to be used by MI Excel schools receiving services. Plans were collected in 2010 -11 and a record is kept of the unique services provided to each MI Excel school. MDE is in the process of collecting service plan information for the 2011-12 school year. MDE will continue to collect this data annually for as long as the current program is in existence. MDE anticipates it will take a minimum of three years of data collection before any meaningful conclusions may be made from individual services.

   MDE has begun the process of studying the long-term effects of participation in the Statewide System of Support. Schools that first received services in the 2007-08 school year were examined. Of the 141 schools in this initial cohort, 56 schools or 40% of that number remained on the identified list. No similar data exists for other states, so there is no comparison data with regard to nationwide trends.

   MDE is in the process of completing similar studies for the next cohorts (schools entering in 2008-09, 2009-10, 2010-11, and 2011-12 respectively).

b. Services to MI Excel schools are based on demonstrated need; MDE defines demonstrated need as assessment data, the reason(s) why the school has not made AYP, and the school's self-assessment as evidenced by the Comprehensive Needs Assessment (CNA), a component of the process used in developing the school improvement plan. Schools may no longer request or receive services that are not directly related to the reason/circumstances that have caused their achievement issues.

c. As noted previously, MDE has begun keeping records of the support services received by MI Excel schools.

d. MDE has completed an audit of the Michigan Association of Intermediate School Administrators (MAISA).

Finding 2: Timeliness of Regional Assistance Grants

The 2010-11 Regional Assistance Grants (RAG) were live in the Michigan Electronic Grants System (MEGS) on October 24, 2010.

Finding 3: Monitoring of Sub-Recipient (MAISA) Activities

a. All information regarding schools eligible for supports in the SSoS is generated internally by MDE staff in the school improvement support unit, and is based on the state board approved criteria for Regional Assistance Grants.

   AYP status and Title status are verified and vetted before any information is released to the field. All SSoS partners, school districts, and ISDs receive this information directly from MDE. All of the aforementioned partners and stakeholders are required to use this one centralized list so that ineligible schools do not receive services. All constituents have been directed to contact MDE staff directly regarding which schools are High Priority schools if they have any questions

   Beginning with fiscal year 11-12, Section 1003(g) funds were awarded directly to LEAs by MDE. The fiscal agent no longer receives these funds.

b. As previously noted, MDE has completed an audit of MAISA. One of the outcomes is that MAISA must develop and implement a sub-recipient monitoring system. MDE has been working with MAISA to develop a sub-recipient monitoring system. The first sub recipient fiscal monitoring visit took place on May 23rd, 2012, with the remaining to take place are scheduled to take place in June and July of 2012.

c. MAISA has implemented an E-Time system that requires detailed explanations of work performed in support of the grant. All E-Time reports are reviewed by MDE staff and MAISA staff.

d. As previously noted, MAISA has developed a sub-recipient monitoring system to address this finding.

e. MDE procedures require all consultants to have contracts in place. MAISA has ensured services are defined in the contracted obligations of entities.

Finding 4: Monitoring of Assistance Provided to High Priority Schools

    a. MDE changed the sub recipient monitoring system and uses a diagnostic tool to determine a school's needs and then prescribe, with school input, a set of interventions. Process mentors developed reports using the diagnostic tool to develop reports. Process Mentor Team/School Support Team (SST) reports are collected by the MDE at the end of the year and reviewed jointly with the SST sub-recipient, Calhoun ISD.

    b. MDE has consulted the MEGS programmers to make changes to the grant final expenditure reports to include more detail on the reason(s) why funds remain unspent at the end of the grant cycle. MDE has also solicited feedback from entities that did not submit grants.

    c. MDE has added a section to the Title I School Selection Application (TISS) wherein districts with identified schools must designate the amounts to set aside for professional development and choice/SES (lines 2-7). The Office of Field Services (OFS) consultants use this page as reference when reviewing and approving budgets to ensure the proper amounts have been set aside per the requirements of Title I, Part A.

Finding 5: Compliance with Purchasing Procedures

MDE does not direct its fiscal agent, MAISA in the selection of vendors. Instead, MDE directs MAISA on which types of services are to be procured for MI Excel Schools. MAISA utilizes a competitive bid procedure and makes sub-recipient awards to entities

Office of Education Improvement and Innovation
Michigan Department of Education
Summary Responses to Recommendations
Performance Audit of Assistance to High Priority Schools, May 2010

1. Audit recommendations the agency complied with:

   Findings 2, 5

2. Audit recommendations the agency agrees with and will comply:

   Findings 1 anticipated compliance date 12/13;
            3 anticipated compliance date 7/12;
            4 ongoing

3. Audit recommendations the agency disagrees with: