



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Pupil Membership Accounting and Reporting
Process
Michigan Department of Education

Report Number:
313-0400-13

Released:
January 2014

The Michigan Department of Education (MDE) distributes State school aid to local school districts based on full-time equated (FTE) pupil membership counts as reported by the local school districts and audited by the pupil membership auditors. MDE develops and implements policies and procedures pertaining to the accounting and reporting of memberships. During fiscal year 2011-12, MDE distributed State aid to 57 intermediate school districts, 549 local educational authorities, and 256 public school academies to educate 1.6 million pupils.

Audit Objective:

To assess the effectiveness of MDE's efforts to ensure the accuracy of K-12 pupil membership counts used in distributing State school aid funds.

Audit Conclusion:

We concluded that MDE's efforts to ensure the accuracy of K-12 pupil membership counts used in distributing State school aid funds were effective. However, we noted four reportable conditions (Findings 1 through 4).

Reportable Conditions:

MDE did not require pupil membership auditors to verify that pupil membership counts did not include the portion of an FTE that a pupil is taught by a noncertificated teacher (Finding 1).

MDE did not ensure that local school districts and pupil membership auditors properly resolved FTE conflicts and adjusted FTE counts so that no pupil had an FTE that exceeded 1.0 (Finding 2).

MDE did not require pupil membership auditors to perform a review of pupils included in the fall FTE pupil membership count but omitted from the following February FTE pupil membership count (Finding 3).

MDE should improve the guidance in its Pupil Accounting Manual and Pupil Auditing Manual (Finding 4).

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Audit Objective:

To assess the effectiveness of MDE's appeal process to resolve local school districts' disagreements with their audited pupil membership counts.

Audit Conclusion:

We concluded that MDE's appeal process to resolve local school districts' disagreements with their audited pupil membership counts was effective. Our audit report does not include any reportable conditions related to this audit objective.

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Agency Response:

Our audit report contains 4 findings and 5 corresponding recommendations. MDE's preliminary response indicates that it agrees with the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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