

# EXECUTIVE DIGEST

## AT RISK PROGRAMS

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### INTRODUCTION

This report contains the results of our performance audit\* of At Risk\* Programs, Department of Education.

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### AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness\* and efficiency\* .

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### BACKGROUND

Article 8, Section 3 of the State Constitution vests in the State Board of Education the leadership and general supervision over all public education. The Department's Compensatory Education Unit administers the federally funded Title I Program and the State-funded Program for At Risk Pupils (Section 31a Program). The Department's Comprehensive Programs in Health and Early Childhood Unit administers the State-funded Michigan School Readiness Program for Four-Year-Olds At Risk of School Failure (Section 36 Program) and the Michigan School Readiness Competitive Grant Program (MSRP).

At Risk Programs are individually designed to target preschoolers and kindergarten through high school students who are at risk of becoming, or who are, educationally disadvantaged.

The Units are responsible for processing applications, providing technical assistance, monitoring and evaluating implementation and operation, and ensuring that school districts\* and other providers comply with State and federal requirements.

For fiscal years\* 1994-95 through 1996-97, State and federal funds appropriated for the At Risk Programs totaled \$561.3 million, \$593.9 million, and \$594.5 million, respectively.

For the fiscal year ended September 30, 1996, the Department expended approximately \$1.8 million to administer its At Risk Programs. As of March 31, 1997, the Department had approximately 23 full-time equated\* employees allocated to administer the Programs.

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**AUDIT OBJECTIVES,  
CONCLUSIONS, AND  
NOTEWORTHY  
ACCOMPLISHMENTS**

**Audit Objective:** To assess the propriety of the Department's application and allocation processes for At Risk Program funds.

**Conclusion:** We concluded that the Department's application process for At Risk Programs was generally appropriate. However, we also concluded that the Department's process for allocating Program funds resulted in the inaccurate distribution of both State and federal Program funds. Our assessment disclosed one material condition\*:

- The Department allocated Program funds and school districts determined which elementary school buildings were eligible to use Program funds to reduce class size based on National School Lunch

Program (NSLP) free meal eligibility data\* . However, the NSLP data often significantly overstated the number of eligible students. The State's use of an inaccurate indicator of Program need could result in some school districts receiving substantially more or less funding than their relative need. (Finding 1)

The Department responded that it agrees with the finding and will work with school districts to increase the accuracy of free lunch counts. Also, the Department will work with the U.S. Department of Agriculture to improve the NSLP application and verification process. Further, the Department will review other potential allocation processes.

In addition, we noted reportable conditions\* involving the eligibility of MSRP competitive grant awards and the State Section 31a Program application review process (Findings 2 and 3).

**Audit Objective:** To assess the Department's efforts to evaluate the effectiveness of and to monitor At Risk Programs.

**Conclusion:** We concluded that the Department had not evaluated the effectiveness of or sufficiently monitored At Risk Programs. Our assessment disclosed one material condition:

- The Department had not established a continuous quality improvement process\* to evaluate and improve the effectiveness of its Title I and Section 31a At Risk Programs (Finding 4).

The Department responded that it agrees with the finding and that it finalized its definition of "adequate yearly progress" in December 1997.

In addition, we noted reportable conditions involving the Department's Section 31a Program monitoring and reporting and its Program assistance (Findings 5 and 6).

**Noteworthy Accomplishments:** To help increase student academic levels, many of the school districts that we visited had implemented innovative methods of adapting their Program operations to meet the needs of their students.

**Audit Objective:** To assess whether school districts and grantees operated At Risk Programs in compliance with applicable laws, regulations, policies, and procedures.

**Conclusion:** We concluded that school districts and grantees generally operated At Risk Programs in compliance with applicable laws, regulations, policies, and procedures. However, we noted a reportable condition involving the withholding of State school aid payments (Finding 7).

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**AUDIT SCOPE AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of At Risk Programs. The audit scope included the examination of Department records and student files and other records of seven school districts and one MSRP grantee (see Exhibit 1). Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit methodology included an examination of Department, school district, and grantee records primarily covering the 1994-95, 1995-96, and 1996-97 (through February 1997) school years\* .

To accomplish our first audit objective, we obtained and reviewed a sample of Program applications and funding allocations. We evaluated the Department's review of Program applications. We verified the Department's Program funding allocations to Program providers and the providers' funding allocations to individual school buildings within school districts. Also, we received and evaluated the results of school districts' NSLP eligibility verification process.

To accomplish our second audit objective, we interviewed At Risk Program staff, including Department staff and staff at the seven school districts and one MSRP grantee visited. We evaluated the Department's process and procedures for monitoring and assessing the effectiveness of the Programs.

To accomplish our third audit objective, we reviewed a random sample of student files to determine that Program services were provided and that there was documentation to support the assessment of student accomplishments. In addition, we reviewed and assessed school district and grantee compliance with applicable federal and State statutes, administrative rules, regulations, and policies and procedures regarding the determination of student Program eligibility, Program funding, and the reporting of Program accomplishments.

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**AGENCY RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report includes 7 findings and 10 corresponding recommendations. The Department's preliminary response indicates that it agrees with all the findings.

The Department complied with 9 of the 14 prior audit recommendations included within the scope of our current audit. The other 5 recommendations were rewritten for inclusion in this audit report.