

PERFORMANCE AUDIT
OF THE
OFFICE OF FIELD SERVICES
DEPARTMENT OF EDUCATION

May 2003



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Office of Field Services
Department of Education

Report Number:
31-300-01

Released:
May 2003

The Office of Field Services (OFS) is responsible for ensuring that the resources available to school districts are focused and targeted on improved student learning for all students. OFS's mission is to facilitate the improvement of student achievement in Michigan by collaborating with school districts on the implementation of their school improvement plans through identification, coordination, and utilization of categorical programs and other resources. OFS administers 14 federally funded and State-funded programs.

Audit Objectives and Conclusions:

1. To assess OFS's efforts to evaluate the effectiveness of programs it administers.

We concluded that OFS's efforts to evaluate the effectiveness of programs it administers were generally effective.

2. To assess the effectiveness and efficiency of OFS's application and allocation of funds processes.

We concluded that OFS's application and allocation of funds processes were generally effective and efficient.

3. To assess the effectiveness and efficiency of OFS in providing technical assistance to school districts.

We concluded that OFS was generally effective and efficient in providing technical assistance to school districts.

4. To assess the effectiveness of OFS's monitoring of school districts for programs it administers.

We concluded that OFS was generally effective in monitoring school districts for programs it administers.

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Reportable Conditions:

OFS sometimes awarded Reduced Class Size Program grants to school districts for school buildings that were not eligible for funding (Finding 1). OFS should significantly improve its field database to provide a more useful tool for both OFS management and OFS field consultants (Finding 2). OFS needs to improve various aspects of its on-site review and self-review processes (Finding 3).

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Noteworthy Accomplishments:

OFS put forth substantial effort to make itself and the programs it administers more

accessible to its customers. OFS developed a Web site to provide school districts and public school academies with information, forms, and other documents to improve awareness, accessibility, and utilization of its programs. Also, OFS assigned a full-time consultant to answer technical questions received via telephone calls from customers.

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Agency Response:

The agency preliminary response indicated that the Department generally agreed with the recommendations and will comply.

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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: www.state.mi.us/audgen/



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

May 27, 2003

Mr. Thomas D. Watkins, Jr., Chairperson
State Board of Education
Hannah Building
Lansing, Michigan

Dear Mr. Watkins:

This is our report on the performance audit of the Office of Field Services, Department of Education.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; a schedule of grant expenditures, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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TABLE OF CONTENTS

OFFICE OF FIELD SERVICES DEPARTMENT OF EDUCATION

| | <u>Page</u> |
|---|-------------|
| INTRODUCTION | |
| Report Summary | 1 |
| Report Letter | 3 |
| Description of Agency | 6 |
| Audit Objectives, Scope, and Methodology and Agency Responses | 8 |
| COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES | |
| Efforts to Evaluate the Effectiveness of Programs | 11 |
| Effectiveness and Efficiency of Application and Allocation of Funds Processes | 11 |
| 1. Reduced Class Size Program Grants for Ineligible School Buildings | 11 |
| Effectiveness and Efficiency of Providing Technical Assistance | 14 |
| 2. OFS Field Database | 15 |
| Effectiveness of Monitoring | 18 |
| 3. On-Site Review and Self-Review Processes | 19 |
| SUPPLEMENTAL INFORMATION | |
| Summary of Grant Expenditures | 24 |
| GLOSSARY | |
| Glossary of Acronyms and Terms | 25 |

Description of Agency

The Department of Education was established under the Executive Organization Act of 1965. The Department is headed by the elected eight-member State Board of Education established by the 1963 State Constitution. The principal executive officer is the Superintendent of Public Instruction, who is appointed by the Board. Article VIII, Section 3 of the State Constitution vests in the State Board of Education the leadership and general supervision over all public education.

The Office of Field Services (OFS) is responsible for ensuring that the resources available to school districts are focused and targeted on improved student learning for all students. OFS's mission* is to facilitate the improvement of student achievement in Michigan by collaborating with school districts on the implementation of their school improvement plans through identification, coordination, and utilization of categorical programs and other resources.

OFS administers 14 federally funded and State-funded programs:

1. Federally Funded Programs
 - a. Title I
 - 1) Disadvantaged Children
 - 2) Migrant
 - 3) Neglected and Delinquent
 - 4) Accountability
 - b. Title II - Eisenhower Mathematics and Science
 - c. Title VI - Innovative Strategies
 - d. Title VII
 - 1) Bilingual (administrative)
 - 2) Emergency Immigrant
 - e. Comprehensive School Reform Demonstration Program
 - f. Class Size Reduction
 - g. Refugee Children School Impact

* See glossary at end of report for definition.

2. State-Funded Programs
 - a. Section 31a, At-Risk
 - b. Section 32e, Small Class Size
 - c. Section 41, Bilingual

OFS is responsible for providing school districts with the necessary knowledge and skills to help the districts determine immediate and long-term needs and school improvement progress.

For the fiscal years ended September 30, 2001 and September 30, 2000, OFS awarded program grants of approximately \$769.6 and \$717.4 million, respectively, and expended approximately \$3.8 and \$4.4 million to administer the programs, respectively (see summary of grant expenditures). As of July 31, 2001, OFS had 26 full-time employees, 1 part-time employee, 7 limited-term full-time employees, 3 limited-term part-time employees, and 2 temporary employees.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of the Office of Field Services (OFS), Department of Education, had the following objectives:

1. To assess OFS's efforts to evaluate the effectiveness* of programs it administers.
2. To assess the effectiveness and efficiency* of OFS's application and allocation of funds processes.
3. To assess the effectiveness and efficiency of OFS in providing technical assistance to school districts.
4. To assess the effectiveness of OFS's monitoring of school districts for programs it administers.

Audit Scope

Our audit scope was to examine selected program and other records of the Office of Field Services. 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.

A summary of grant expenditures for the fiscal years ended September 30, 2001 and September 30, 2000 is included in this report as supplemental information. Our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion on it.

Audit Methodology

Our audit fieldwork, performed between April and October 2001, included an examination of selected program and other OFS records primarily for the period October 1998 through July 2001.

* See glossary at end of report for definition.

Our methodology included a preliminary review of OFS operations. This involved interviewing various OFS staff and reviewing applicable statutes, policies and procedures, reports, management plans, and other reference materials. Also, we analyzed OFS records to determine compliance with pertinent statutes.

To accomplish our first audit objective, we interviewed OFS staff responsible for compiling, analyzing, and evaluating school performance data. Also, we reviewed methods used by OFS to evaluate the effectiveness of selected programs and to measure school districts' "adequate yearly progress." We reviewed OFS's procedures related to program and activity evaluations through the focus group evaluation process, workshop and training evaluation processes, and stakeholder surveys.

To accomplish our second audit objective, we analyzed OFS's application and allocation methodology for selected programs for propriety, completeness, and compliance with applicable State and federal statutes. Also, we interviewed staff and tested management control* to ensure timely submission and completeness of grant applications and the review and approval of such applications. In addition, we reviewed grant allocations for the selected programs and examined OFS's review and approval of the allocations. Further, we traced approved allocation amounts to the amounts entered in the Department's grant payment system.

To accomplish our third audit objective, we reviewed technical assistance contractor reports regarding OFS efforts to identify "best practices" in developing and instituting a technical assistance function. Also, we examined OFS's survey of school districts regarding its technical assistance function. In addition, we reviewed OFS's use of its field database as a management tool, including its use in monitoring consultant activities.

To accomplish our fourth objective, we reviewed OFS's on-site review and self-review processes for evaluating school district compliance with established regulations, policies, and procedures. We selected a sample of school district on-site reviews and reviewed OFS's planning and conducting of the reviews. Also, we selected a sample of school district self-reviews and examined OFS's planning and the districts' conducting of the reviews.

* See glossary at end of report for definition.

Agency Responses

Our report includes 3 findings and 4 corresponding recommendations. The agency preliminary response indicated that the Department generally agreed with the recommendations and will comply.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require the Department of Education to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

EFFORTS TO EVALUATE THE EFFECTIVENESS OF PROGRAMS

COMMENT

Audit Objective: To assess the Office of Field Services' (OFS's) efforts to evaluate the effectiveness of programs it administers.

Conclusion: We concluded that OFS's efforts to evaluate the effectiveness of programs it administers were generally effective.

EFFECTIVENESS AND EFFICIENCY OF APPLICATION AND ALLOCATION OF FUNDS PROCESSES

COMMENT

Audit Objective: To assess the effectiveness and efficiency of OFS's application and allocation of funds processes.

Conclusion: We concluded that the OFS's application and allocation of funds processes were generally effective and efficient. However, our assessment disclosed a reportable condition* related to Reduced Class Size Program grants for ineligible school buildings (Finding 1).

FINDING

1. Reduced Class Size Program Grants for Ineligible School Buildings

OFS sometimes awarded Reduced Class Size Program grants to school districts for school buildings that were not eligible for funding.

Act 142, P.A. 1997, established the Reduced Class Size Program in fiscal year 1998-99. The Program provided four- and five-year grant funding to school

* See glossary at end of report for definition.

districts to maintain or establish small classes in kindergarten through grade 3 in eligible school buildings. OFS awarded Program grants of \$19.8 million annually to 17 school districts in fiscal years 1998-99 and 1999-2000 and grants of \$26.6 million annually to 26 school districts in fiscal years 2000-01 and 2001-02.

The State School Aid Act states that to be eligible for the Reduced Class Size Program at least 50% of a school building's pupils must have been eligible to receive free school lunch, as determined under the National School Lunch Act, as of October 31 in the preceding fiscal year. To obtain funding, OFS requires each school district to submit an application that includes information on budgets, the district's plan for implementing and operating the Program, and school lunch and enrollment data for school buildings in the district that meet eligibility requirements. Prior to awarding grants in fiscal years 1998-99 and 2000-01, OFS determined Program eligibility based on information reported by the school districts in their applications. For fiscal year 1999-2000, OFS awarded grants based on fiscal year 1998-99 eligibility.

The Department of Education's Office of School Support Services (OSSS) administers the National School Lunch Program (NSLP). OSSS maintains its free lunch program data on the automated on-line Michigan Education Information System (MEIS). School districts report free lunch count and enrollment data monthly on MEIS. OSSS conducts on-site reviews to determine the accuracy of the districts' reported data and appropriately adjusts any inaccuracies.

To determine the accuracy of Reduced Class Size Program grant awards, we compared, on a test basis, school districts' reported grant application data and the Department's free lunch count and building enrollment data that has been reviewed and is maintained on MEIS. Our review of comparative data for 5 school districts awarded grants for 33 school buildings in both fiscal years 1998-99 and 1999-2000 and a different 5 school districts awarded grants for 11 school buildings for fiscal year 2000-01 disclosed:

- a. OFS overfunded 2 school districts approximately \$1.7 million by awarding fiscal year 1998-99, 1999-2000, and 2000-01 grants totaling \$578,623, \$506,470, and \$567,729, respectively, for 2 school buildings in each district that did not meet the required 50% free lunch eligibility level in any of the years.

- b. OFS overfunded 2 school districts by awarding fiscal year 2000-01 grants totaling \$894,482 for 3 school buildings that did not meet the required 50% free lunch eligibility level.
- c. For fiscal year 1998-99, the 5 school districts' reported free lunch percentages for 13 (39%) of 33 school buildings did not agree with the Department's school lunch program data. The variances ranged from a 3% understatement to a 12% overstatement. The variances usually were an overstatement of the school districts' percentage of students eligible for free lunch.
- d. For fiscal year 2000-01, the 5 school districts' reported free lunch percentages for 10 (91%) of 11 school buildings did not agree with the Department's school lunch program data. The variances ranged from overstatements of 1% to 17%.

OFS's awarding of Reduced Class Size Program grants to school districts for school buildings that were not eligible for funding resulted in overpayments and reduced funds available for other eligible buildings.

The Legislature did not provide funding for the Reduced Class Size Program effective October 1, 2002 and, as a result, our first recommendation would no longer be applicable. However, OFS should address the recommendation if the Legislature appropriates funding for the Program in subsequent years.

RECOMMENDATIONS

We recommend that OFS award Reduced Class Size Program grants to school districts for only school buildings that are eligible for funding.

We also recommend that OFS verify that school district buildings that have received Reduced Class Size Program grant awards were eligible for funding and recover all awards for ineligible buildings.

AGENCY PRELIMINARY RESPONSE

The Department stated that it agreed with the recommendations and will verify that school district buildings that have received Reduced Class Size Program grant awards were eligible for funding. Also, OFS will contact the school districts for an explanation of the application data provided. If the explanation does not result in

the schools being eligible, OFS will recommend that the Department recover the awards for ineligible buildings.

EFFECTIVENESS AND EFFICIENCY OF PROVIDING TECHNICAL ASSISTANCE

COMMENT

Audit Objective: To assess the effectiveness and efficiency of OFS in providing technical assistance to school districts.

Conclusion: **We concluded that OFS was generally effective and efficient in providing technical assistance to school districts.** However, our assessment disclosed a reportable condition related to the OFS field database (Finding 2).

Noteworthy Accomplishments: OFS put forth substantial effort to make itself and the programs it administers more accessible to its customers. OFS developed a Web site to provide school districts and public school academies with information, forms, and other documents to improve awareness, accessibility, and utilization of its programs. The Web site allows the districts and academies to more easily obtain critical information related to program requirements, application requirements, and program goals*. OFS continues to develop and modify the Web site to meet customer needs and to provide the most current information.

Also, OFS posts allocation amounts on the OFS Web site immediately after OFS determines the allocations for its various programs.

In addition, OFS assigned a full-time consultant to answer technical questions received via telephone calls from customers. This service provides accurate and timely information to school districts and public school academies for the programs that OFS administers and complements the ongoing work of the OFS field consultants who regularly assist the districts.

* See glossary at end of report for definition.

FINDING

2. OFS Field Database

OFS should significantly improve its field database to provide a more useful tool for both OFS management and OFS field consultants.

OFS entered into a contract agreement in October 1999 for assistance in developing an automated database to track and report its program services. The contractor conducted an initial technology assessment to determine OFS's needs and to provide a basis for development of the database. OFS implemented the field database in October 2000 to collect information regarding activities performed by its 17 field consultants who are organized into 5 regional teams. The contractor developed the database using its own server with the plan of transferring it to a State server after implementation. At the time of our audit, the transfer was pending.

Our review of the OFS field database and its use as a management tool disclosed:

- a. OFS had not reviewed the field database to determine the effectiveness and usefulness of the database.

The contractor's initial technology assessment report recognized that the field database would be developed quickly because of time constraints and that the database may not have all of the desired functionality that OFS may need. As a result, the assessment report recommended that OFS review the database's effectiveness to determine if additional functionality should be added. The contractor suggested that the review occur between 6 and 12 months after implementation of the database.

As of October 2001, OFS had not formally reviewed the database to determine its effectiveness, usefulness, and completeness and to identify any changes needed to improve its functionality. OFS management stated that it was aware that the field database needs certain improvements to more fully serve the purposes intended.

- b. Field consultants often did not record activities in the database in an accurate, consistent, and/or timely manner.

Field consultants perform a number of activities throughout the State. Except when conducting on-site reviews, consultants usually work alone and perform their various activities independently. The consultants periodically record the activities in the field database by activity category. We summarized activities by major category that the consultants entered in the database for the period January 1, 2001 through August 16, 2001. We noted large variances among consultants both for the recorded number of activities performed in each category and the recorded number of total activities. The following table shows the summary results for the consultants having the three lowest and three highest number of activities and the average number of activities for all consultants, in each category and in total:

| OFS Activity Category | Three Lowest Activity Counts | | | Three Highest Activity Counts | | | Average for All Field Consultants |
|-----------------------|---------------------------------|----|----|----------------------------------|----|-----|--------------------------------------|
| Relationship building | 0 | 1 | 1 | 18 | 21 | 37 | 11 |
| Technical assistance | 10 | 18 | 23 | 48 | 76 | 166 | 45 |
| On-site review | 6 | 16 | 21 | 40 | 41 | 56 | 30 |
| In-service workshops | 0 | 2 | 3 | 16 | 18 | 19 | 9 |
| Regional activities | 0 | 1 | 1 | 10 | 12 | 13 | 6 |
| Personal development | 1 | 1 | 1 | 12 | 13 | 32 | 7 |
| Other | 0 | 0 | 0 | 11 | 11 | 78 | 8 |

Our review of the database for the various categories disclosed that, besides the failure to record activities or to accurately record activities, there were also other reasons for the large variances. For example, we voted:

- (1) Activities were recorded in the "other" category that more accurately should have been recorded in one or more of the specific activity categories.
- (2) Three activity counts were recorded for the same activity.
- (3) Some consultants recorded telephone contacts as an activity, whereas other consultants did not record telephone contacts.
- (4) Seven technical assistance activities and three in-service workshop activities were recorded for the same visit to a school district.

- (5) Activities were recorded up to four months after the activity occurred or up to 16 days prior to when the activity was to occur.
- (6) One consultant recorded attendance at a conference both in the "other" and "personal development" activity categories, whereas another consultant attending the same conference had recorded it under the "relationship building" activity category.

OFS management informed us that it is aware that field consultants need to achieve a more common understanding of how activities should be recorded. OFS sometimes reviews this issue with the consultants during monthly training sessions. However, OFS management also informed us that it does not believe it would be an efficient use of time and resources to provide more extensive training to the consultants pending the transfer of the database to a State server.

Inconsistent and inaccurate entries in the database misstate the actual amount and type of work that field consultants perform as of any point in time. As a result, the reliability and usefulness of the database as a management tool was limited.

- c. OFS had not used the "Lessons Learned" component of the OFS field database to allow field consultants to share information with each other.

The initial technology assessment stated that one of the basic data collection forms was a Lessons Learned form that was intended to allow field consultants to share information. The assessment also stated that implementation of the Lessons Learned component was an information priority.

We determined that there were only three entries to the Lessons Learned component of the database during fiscal year 2000-01. The routine use of Lessons Learned should be a valuable tool for field consultants particularly because the consultants are located throughout the State.

OFS informed us that the field consultants are interested in using this component of the database, but OFS management has not encouraged its use because of the consultants' inconsistencies and inaccuracies in reporting

activities. As noted in item b., OFS management's reluctance to provide proper training to consultants also reduces the effectiveness of the Lessons Learned component.

Addressing the issues identified in items a. through c. should expedite the contractor's transfer of the database and increase the effectiveness and usefulness of the database as a management tool and a means for field consultants to share information.

RECOMMENDATION

We recommend that OFS significantly improve its field database to provide a more useful tool for both OFS management and OFS field consultants.

AGENCY PRELIMINARY RESPONSE

The Department stated that it agreed with the recommendation. Although OFS has found the field database to be quite useful, it agreed that improvements in the database would be beneficial. However, despite considerable pre-planning to ensure that the database could be housed on the Department's server, the Department's Office of Information Technology Services and the Department of Information Technology have not completed this component of the project. The continued development and refinement of the database were put on hold until the system could operate on a State server. OFS plans to determine whether to continue the development of the database and address all of the issues raised in the audit finding or abandon the database due to the cost of maintaining the system on an external server.

EFFECTIVENESS OF MONITORING

COMMENT

Audit Objective: To assess the effectiveness of OFS's monitoring of school districts for programs it administers.

Conclusion: **We concluded that OFS was generally effective in monitoring school districts for programs it administers.** However, our assessment disclosed a reportable condition related to the on-site review and self-review processes (Finding 3).

FINDING

3. On-Site Review and Self-Review Processes

OFS needs to improve various aspects of its on-site review and self-review processes.

OFS administers and provides federal and State funding to school districts for 14 programs. To monitor school district program compliance with established regulations and policies, OFS established an on-site review process in fiscal year 1999-2000 and a self-review process in fiscal year 2000-01.

On-site reviews involve visits to school districts by a team of OFS field consultants who conduct an in-depth review using an On-Site Review Study Guide. The On-Site Review Study Guide provides an assessment criteria framework to help ensure that the teams review the same compliance issues for applicable programs at each school district. After the team completes the review, the lead consultant, in conjunction with OFS management, prepares a report noting observations, recommendations, and "change-required" items. OFS management informed us that its goal is to issue the on-site review report to the school district within 100 days from the start of the review. If the report includes recommendations or change-required items, the school district is responsible for developing and implementing a corrective action plan. The lead consultant follows up with the school districts to ensure implementation. In fiscal years 1999-2000 and 2000-01, OFS conducted 49 and 64 on-site reviews, respectively.

The self-review process involves school district personnel completing the review using the On-Site Review Study Guide. After the school district completes the self-review and submits it to OFS, a field consultant completes a "desk audit" of the self-review. Based on the desk audit results, OFS issues to the school district a satisfactory letter, a letter of recommendations to implement, a letter for a follow-up visit, or a letter to notify of an on-site review in the following year. OFS established a 60-day time frame for completing the desk audit and issuing the applicable finding letter. For fiscal year 2000-01, OFS completed 80 self-reviews.

To ensure that the on-site review and self-review processes provide comprehensive monitoring of its 14 programs, OFS developed procedures and published them as Best Practices and Protocols (BP&P). To examine the on-site review and self-review processes and determine field consultant adherence to

BP&P, we reviewed 10 on-site reviews completed in fiscal years 1999-2000 and 2000-01, 10 self-reviews completed in fiscal year 2000-01, and related activities. Our review disclosed:

- a. None of the 10 on-site review files contained documentation to support the basis for selecting the school district for an on-site review.

BP&P procedures require field consultants to consider a number of factors when selecting school districts for an on-site review. The factors include other reviews planned by the Department at the district, results of self-reviews, Michigan Educational Assessment Program (MEAP) test results, geographic location of the district, size of the district, length of time the district superintendent has held the position, extenuating circumstances, and other pertinent information available to the consultants.

Documenting the basis for selecting a school district for an on-site selection should be useful to the on-site review team when performing its review and to OFS management when reviewing and analyzing on-site review results.

- b. Six of the 10 on-site review files did not document school district stakeholders' involvement in the on-site review.

BP&P procedures establish a list of stakeholders that should be involved with the on-site review process. Stakeholders include the building principal; one general classroom teacher; and directors, managers, teachers, teacher aides, and parents of students involved in any programs included in the review. Maintaining documentation of stakeholders involved in the on-site review would help to ensure the proper involvement of all applicable stakeholders and, therefore, should help to improve the completeness and usefulness of the reviews.

- c. None of the 10 self-review files contained documentation to indicate that the field consultant had completed BP&P preliminary planning procedures.

BP&P preliminary planning procedures require that the field consultant determine which school buildings to include in the self-review, review data from MEAP and other sources to identify any problem areas in the school buildings, invite stakeholders of the school to participate in the self-review,

conduct prereview meetings, and discuss the process and documentation requirements with the school district. These procedures guide the consultant to help ensure that the school district will conduct an effective and meaningful self-review. Maintaining documentation of preliminary planning methodology should help to ensure that consultants comply with established planning procedures and, therefore, improve the effectiveness of the self-reviews.

- d. None of the 10 self-review files contained documentation of OFS management review of field consultant desk audits prior to issuing the finding letter to the school district.

Even though BP&P procedures do not require formal management review of the desk audits, OFS management informed us that it does review findings prior to issuing the applicable finding letter. Documentation of such management reviews would help ensure that the reviews were completed and, therefore, add to the integrity of the self-review process.

- e. OFS frequently did not comply with its established time frames for completing on-site reviews and self-reviews.

For fiscal year 2000-01, 7 (11%) of 64 on-site reviews exceeded the 100-day time frame and 40 (50%) of the 80 self-reviews exceeded the 60-day time frame. Timely completion of the reviews should increase their usefulness for school districts.

- f. OFS's new tracking log sometimes did not contain entries for important dates.

OFS developed a tracking log in fiscal year 2000-01 to help monitor completion of the on-site reviews and self-reviews. We noted that the tracking log sometimes did not contain entries for important dates, such as the date when the field consultant turned in the completed On-Site Review Study Guide, when OFS completed the on-site review report, when the self-review was received from the school district, and when OFS issued a follow-up letter for a self-review. The incomplete data reduces the usefulness of the tracking log as a management tool.

By initiating corrective actions for the conditions identified in items a. through f., OFS should increase the effectiveness and usefulness of its on-site review and

self-review processes, which may have a positive effect on school districts and the 14 programs that OFS administers.

RECOMMENDATION

We recommend that OFS improve various aspects of its on-site review and self-review processes.

AGENCY PRELIMINARY RESPONSE

The Department stated that it agreed with the general recommendation to ". . . improve various aspects of its on-site review and self-review processes." OFS follows a continuous improvement policy and each year establishes new improvement goals. The issues identified in the finding regarding documenting the reasons that a district is selected for an on-site review; reducing "turnaround" times to more closely achieve the Department's goal of mailing a response within 30 days; and improving the timely entry of data in the tracking log (items a., e., and f., respectively) are modifications that OFS will make because they will improve the quality of its operations. The issue regarding documenting the participation of stakeholders in the on-site reviews (item b.) would result only in the creation of meaningless and useless extra paper in the file. The Department stated that, regarding item d., three levels of management personnel review the field consultant's draft of the finding letter for each self-review that is conducted. This is standard operating procedure. The Department believes that the signature of the Department director on the finding letter to the school district is adequate documentation of management's participation in the process. OFS will place a memorandum in its on-site review file establishing as general operating procedure that management has reviewed the desk audit before it is provided to the Department director for signature.

SUPPLEMENTAL INFORMATION

OFFICE OF FIELD SERVICES
 Department of Education
 Summary of Grant Expenditures
Fiscal Years Ended September 30

| | <u>2001</u> | | <u>2000</u> | |
|--|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | <u>Grant Award</u> | <u>Grant Administration</u> | <u>Grant Award</u> | <u>Grant Administration</u> |
| <u>Federally Funded Grants</u> | | | | |
| Title I, Part A, Disadvantaged Children | \$ 328,472,954 | \$ 1,950,272 | \$ 327,042,881 | \$ 2,858,412 |
| Title I, Part C, Migrant - Regular School Year | 4,432,720 | 96,116 | 4,860,375 | 95,654 |
| Title I, Part C, Migrant - Summer School | 4,432,720 | | 5,638,218 | |
| Title I, Part C, Migrant - Statewide Recruitment | 320,000 | | 306,000 | |
| Title I, Part C, Migrant - State Level Activities | | 330,000 | | 204,100 |
| Title I, Part D, Delinquent | 3,724,196 | | 3,601,064 | |
| Title I, Schoolwide Planning (From Title I Administration) | 219,000 | | 378,000 | |
| Title I, Accountability | 5,799,632 | | | |
| Title I, Part D, Neglected | 724,960 | 7,322 | 896,489 | 8,935 |
| Title I, Capital Expense | 277,452 | | 387,229 | |
| Eisenhower Professional Development State Grants | 9,697,449 | 170,400 | 9,823,912 | 160,823 |
| Innovative Education Program Strategies | 11,005,849 | 226,700 | 11,154,891 | 247,534 |
| Bilingual Education Support Services | | 100,000 | | 100,000 |
| Emergency Immigrant Education Program | 1,667,792 | 25,398 | 1,317,410 | 20,062 |
| Comprehensive School Reform Demonstration, Title I | 6,755,419 | 355,548 | 4,979,151 | 262,061 |
| Comprehensive School Reform Demonstration, Title X | 1,703,689 | 89,668 | 858,576 | 26,512 |
| Class Size Reduction | 54,486,298 | | 50,275,610 | |
| Refugee Children School Impact Grant | 1,000,000 | | 1,000,000 | |
| <u>State-Funded Grants</u> | | | | |
| Section 31a, At-Risk | 304,000,000 | | 270,920,000 | |
| Section 32e, Small Class Size | 26,650,000 | | 19,750,000 | |
| Section 41, Bilingual | 4,212,000 | | 4,212,000 | |
| State Administration | | 426,600 | | 411,400 |
| Totals | <u>\$ 769,582,130</u> | <u>\$ 3,778,024</u> | <u>\$ 717,401,806</u> | <u>\$ 4,395,493</u> |

Glossary of Acronyms and Terms

| | |
|---------------------------|--|
| BP&P | Best Practices and Protocols. |
| effectiveness | Program success in achieving mission and goals. |
| efficiency | Achieving the most outputs and outcomes practical with the minimum amount of resources. |
| goals | The agency's intended outcomes or impacts for a program to accomplish its mission. |
| management control | The plan of organization, methods, and procedures adopted by management to provide reasonable assurance that goals are met; resources are used in compliance with laws and regulations; valid and reliable data is obtained and reported; and resources are safeguarded against waste, loss, and misuse. |
| MEAP | Michigan Educational Assessment Program. |
| MEIS | Michigan Education Information System. |
| mission | The agency's main purpose or the reason that the agency was established. |
| OFS | Office of Field Services. |
| OSSS | Office of School Support Services. |
| performance audit | An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action. |

reportable condition

A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.