

Office of the Auditor General
Performance Audit Report

**State Public Universities' Reporting of Selected
Higher Education Institutional Data
Inventory (HEIDI) Data**

State Budget Office

Fiscal Year 2014

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

State Public Universities' Reporting of Selected Higher Education Institutional Data Inventory (HEIDI) Data State Budget Office

**Report Number:
331-0300-15**

**Released:
June 2015**

The Legislature established HEIDI to capture selected data from Michigan's 15 public universities. Annually, the universities report enrollment data, such as student credit hours by academic level and residency, and other data, such as revenues, expenditures, and tuition and fees.

During fiscal year 2014, gross appropriations to the State's 15 public universities totaled \$1.3 billion dollars.

Audit Objective		Conclusion	
Objective #1: To assess whether the State's public universities reported selected HEIDI data in accordance with requirements.		Data reported in accordance with requirements.	
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable	Not applicable	Not applicable

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>

Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, Michigan 48913

Doug A. Ringler, CPA, CIA
Auditor General

Laura J. Hirst, CPA
Deputy Auditor General



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • <http://audgen.michigan.gov>

Doug A. Ringler, CPA, CIA
Auditor General

June 23, 2015

The Honorable Dave Hildenbrand, Chair
Senate Appropriations Committee
Michigan Senate
and
The Honorable Al Pscholka, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan

Mr. John S. Roberts, State Budget Director
State Budget Office
George W. Romney Building
Lansing, Michigan

Dear Senator Hildenbrand, Representative Pscholka, and Mr. Roberts:

I am pleased to provide this performance audit report on State Public Universities' Reporting of Selected Higher Education Institutional Data Inventory (HEIDI) Data for fiscal year 2014.

This report is issued pursuant to Section 18.1299(4) of the *Michigan Compiled Laws*, which requires that the Auditor General conduct an annual audit of selected data submitted by public universities.

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

Sincerely,

Doug Ringler
Auditor General

TABLE OF CONTENTS

STATE PUBLIC UNIVERSITIES' REPORTING OF SELECTED HIGHER EDUCATION INSTITUTIONAL DATA INVENTORY (HEIDI) DATA

	<u>Page</u>
Report Summary	1
Report Letter	3
Audit Objectives, Conclusions, Findings, and Observations	
Assessment of Public Universities' Reporting of Selected HEIDI Data	8
Appropriations and Selected HEIDI Data Description	10
Audit Scope, Methodology, and Other Information	11
Glossary of Abbreviations and Terms	14

AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

ASSESSMENT OF PUBLIC UNIVERSITIES' REPORTING OF SELECTED HEIDI DATA

BACKGROUND

The Legislature established the Higher Education Institutional Data Inventory (HEIDI) to capture selected data from Michigan's 15 public universities. Examples of the type of data the public universities report in HEIDI include enrollment data, such as student credit hours by academic level and residency; faculty and staff status and compensation; revenues; expenditures; building square footage; scholarships and grants; tuition and fees; and student population profiles. The State's policymakers use HEIDI data to assist in their decision-making processes, and the universities use the data to aid in planning and evaluation.

The State's annual education related funding appropriations acts require the 15 public universities to submit to HEIDI specified data and associated financial and program information on a fiscal year basis in accordance with the State Budget Office's (SBO's) HEIDI User Manual*. Section 18.1299 of the *Michigan Compiled Laws* requires SBO to establish, maintain, and coordinate HEIDI and requires the Auditor General to review HEIDI enrollment data submitted by all public universities and to perform audits of selected data submitted by public universities. SBO is an autonomous entity within the Department of Technology, Management, and Budget.

AUDIT OBJECTIVE

To assess whether the State's public universities reported selected HEIDI data in accordance with requirements.

CONCLUSION

Data reported in accordance with requirements.

FACTORS IMPACTING CONCLUSION

- No findings related to this audit objective.
- Accuracy of the student credit hours, student academic levels, and student residency reported for 436 randomly selected students from 4 judgmentally selected universities.
- Absence of unexpected or unexplained enrollment patterns within the HEIDI enrollment data for the 15 public universities for fiscal years 2008 through 2014.
- Accuracy of the critical degrees conferred for 219 randomly selected students from 4 judgmentally selected universities.

* See glossary at end of report for definition.

- SBO's maintenance of the HEIDI User Manual, including uniform reporting categories to help ensure the validity and reliability of the HEIDI data.
- Collaborative efforts of SBO, the HEIDI Advisory Committee, the Senate Fiscal Agency, and the House Fiscal Agency (HFA) to help ensure the validity and reliability of the HEIDI data.

APPROPRIATIONS AND SELECTED HEIDI DATA DESCRIPTION

Fiscal year 2014 gross appropriations to the State's 15 public universities totaled \$1.3 billion, the total number of student credit hours generated was over 7.5 million, and the total number of fiscal year equated students enrolled was over 262,000.

University	Operations	Performance Funding	MSU AgBioResearch	MSU Extension	Total Appropriations*	Student Credit Hours	Fiscal Year Equated Students
Central Michigan University	\$ 71,352,300	\$ 2,134,300			\$ 73,486,600	609,897	20,891.00
Eastern Michigan University	66,466,700	788,900			67,255,600	527,426	18,160.12
Ferris State University	44,250,700	1,351,900			45,602,600	358,622	12,141.00
Grand Valley State University **	55,436,000	2,329,100			57,765,100	649,786	22,181.20
Lake Superior State University	12,046,100	180,400			12,226,500	65,187	2,174.00
Michigan State University **	245,037,000	4,449,300	\$30,243,900	\$26,044,800	305,775,000	1,340,394	45,959.00
Michigan Technological University	42,579,100	872,800			43,451,900	184,561	6,473.98
Northern Michigan University	40,856,600	863,200			41,719,800	238,962	8,031.00
Oakland University	44,964,100	670,700			45,634,800	506,242	17,088.00
Saginaw Valley State University	25,656,700	326,100			25,982,800	245,886	8,824.80
University of Michigan - Ann Arbor **	274,156,700	4,952,000			279,108,700	1,218,233	43,832.10
University of Michigan - Dearborn	22,237,300	266,400			22,503,700	193,888	6,648.00
University of Michigan - Flint	19,526,600	401,500			19,928,100	193,934	6,895.19
Wayne State University **	183,398,300	534,700 ***			183,933,000 ***	647,112	22,643.80
Western Michigan University	95,487,500	1,747,700			97,235,200	591,659	20,593.40
	<u>\$1,243,451,700</u>	<u>\$21,869,000</u>	<u>\$30,243,900</u>	<u>\$26,044,800</u>	<u>\$1,321,609,400</u>	<u>7,571,789</u>	<u>262,536.59</u>

* The total appropriations reported for each university included only the amount specifically appropriated to the university under Act 60, P.A. 2013.

** These 4 universities were selected for audit for fiscal year 2014.

*** Wayne State University's performance funding appropriation of \$534,700 was redistributed to the other 14 universities in accordance with Section 265a(2), Act 60, P.A. 2013

Gross appropriations for the 4 public universities selected for audit totaled over \$826 million (62.5%), total student credit hours generated were 3.9 million (50.9%), and total fiscal year equated students enrolled were over 134,000 (51.3%) for fiscal year 2014.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To review Higher Education Institutional Data Inventory (HEIDI) enrollment data for all 15 public universities and to audit selected HEIDI data for 4 of the universities for fiscal year 2014. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our conclusion based on our audit objective.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, and quality assurance, covered fiscal year 2014.

METHODOLOGY

We conducted a preliminary survey to formulate a basis for defining our audit objective and methodology and to obtain an understanding of requirements and activities related to public universities' reporting of HEIDI data. As part of our preliminary survey, we:

- Reviewed applicable *Michigan Compiled Laws*, the annual education related funding appropriations act, and the SBO's HEIDI User Manual to obtain an understanding of the requirements for public universities' reporting of HEIDI data.
- Interviewed SBO staff and HFA staff to obtain an understanding of their activities related to the collection, use, and management of HEIDI data.
- Interviewed staff from Grand Valley State University (GVSU), Michigan State University (MSU), the University of Michigan - Ann Arbor (U of M), Wayne State University (WSU), and Central Michigan University (CMU) to obtain an understanding of each school's activities related to HEIDI data reporting.
- Examined selected HFA university enrollment and funding reports compiled using HEIDI data.

* See glossary at end of report for definition.

OBJECTIVE #1

To assess whether the State's public universities reported selected HEIDI data in accordance with requirements.

To accomplish our objective, we:

- Considered each university's total student enrollment and geographic location and judgmentally selected the following 4 public universities for auditing procedures, including on-site records examination:

GVSU
MSU
U of M
WSU

- Conducted the following procedures for the 4 selected universities:
 - Randomly selected 436 students (120 each from MSU and the U of M, 100 from GVSU, and 96 from WSU) from the population of 499,755 and:
 - Confirmed that the student credit hours that the university reported to HEIDI for each student complied with requirements set forth in the annual appropriations act and the HEIDI User Manual.
 - Verified that the student credit hours and academic level that the university reported to HEIDI agreed with each student's transcripts.
 - Verified that each student's residency type recorded in HEIDI was supported by university records. In addition, we judgmentally selected 15 students from each of the 4 universities and validated that the university appropriately determined the students' residence status according to approved university board policies.
 - Obtained source data files for resident and nonresident student credit hours and student academic level from each university and:
 - Reconciled the student credit hours contained in the source data files to the number of student credit hours that each of the 4 universities reported to HEIDI.
 - Recalculated and reconciled the number of fiscal year equated students that each

university reported to HEIDI using formulas provided by the HEIDI User Manual.

- Reconciled the total of 7,781 critical degrees conferred reported to HEIDI to each of the 4 university's source data records. In addition, we validated the type and conference date of critical degrees to the transcripts for 219 randomly selected students from the 4 universities.
- Performed analytical review procedures on HEIDI enrollment data for all 15 public universities to identify and analyze enrollment trends for each university and to help determine the reasonableness of the HEIDI enrollment data that the universities reported.
- Applied analytical review procedures to the source data file and reviewed the queries that CMU used to extract and calculate student credit hour information reported to HEIDI. In addition, we replicated CMU's process to establish the reasonableness of CMU's reported student credit hours.

CONCLUSIONS

We base our conclusions on our audit efforts and the resulting material conditions* and reportable conditions*.

PRIOR AUDIT FOLLOW-UP

We followed up the 4 prior audit recommendations from our May 2008 performance audit of State Universities' Reporting of Selected Higher Education Institutional Data Inventory (HEIDI) Data (331-0300-07). The applicable public universities and SBO complied with 2 of the 4 prior audit recommendations. We determined that the remaining 2 prior audit recommendations were no longer applicable.

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

CMU	Central Michigan University.
GVSU	Grand Valley State University.
HEIDI	Higher Education Institutional Data Inventory.
HEIDI User Manual	A manual containing detailed instructions for entering data using either the data entry screens or the electronic upload entry method, deadlines for submission of data elements, information about maneuvering in and between entry screens, as well as other technical assistance.
HFA	House Fiscal Agency.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MSU	Michigan State University.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

SBO State Budget Office.

U of M University of Michigan - Ann Arbor.

WSU Wayne State University.

