



# MICHIGAN

OFFICE OF THE AUDITOR GENERAL

## AUDIT REPORT



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

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

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# Michigan Office of the Auditor General REPORT SUMMARY

## Performance Audit

### Office of Professional Preparation Services

Michigan Department of Education

Report Number:  
313-0140-10

Released:  
March 2011

*The Office of Professional Preparation Services (OPPS) is responsible for ensuring that a person employed in a public elementary or secondary school with instructional responsibilities has a valid credential for the position held. OPPS is also responsible for ensuring that professional school personnel meet preparation and professional development requirements.*

#### **Audit Objective:**

To assess the effectiveness of OPPS's monitoring of teachers' professional development and continuing education requirements.

#### **Audit Conclusion:**

We concluded that OPPS was not effective in the monitoring of teachers' professional development requirements and was effective in the monitoring of teachers' continuing education requirements. We noted one material condition (Finding 1) and one reportable condition (Finding 2).

#### **Material Condition:**

OPPS should monitor school districts to ensure that school districts provide teachers with the required amount of professional development. In addition, OPPS should validate the professional development data recorded by school districts in the Registry of Educational Personnel database. (Finding 1)

#### **Reportable Condition:**

OPPS had not developed sufficient sampling procedures to determine if applicants who renewed their teacher certificates obtained the required continuing education credits (Finding 2).

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#### **Audit Objective:**

To assess the effectiveness of OPPS's efforts to ensure that K-12 classes were taught by qualified teachers.

#### **Audit Conclusion:**

We concluded that OPPS's efforts were effective in ensuring that K-12 classes were taught by qualified teachers. However, we noted four reportable conditions (Findings 3 through 6).

#### **Reportable Conditions:**

OPPS's certification reporting process did not identify all school district teachers who had not renewed or obtained their teaching certificates (Finding 3).

OPPS did not solicit competitive bids for the acquisition of contractual services as required by federal and State purchasing policies. In addition, OPPS should discontinue classifying intermediate school districts as subrecipients when OPPS is managing the grant program. (Finding 4)

OPPS needs to improve its procedures related to site visits at school districts to ensure that contractors complete appropriate reviews and submit complete data regarding teacher qualifications (Finding 5).

OPPS did not refer late special permit applications to the Office of State Aid and School Finance as required by State statute (Finding 6).

***Noteworthy Accomplishments:***

OPPS used Title II funding to hire monitors to conduct site visits of school districts to verify that teachers were instructing only core curricular subjects in their field of certification or endorsement. On-site visits began in March 2007. Monitors also assisted school districts in analyzing their needs regarding highly qualified teachers and in developing a corrective action plan for meeting those requirements.

***Agency Responses:***

Our audit report contains 6 findings and 8 corresponding recommendations. The Michigan Department of Education's preliminary response indicates that it agrees with 7 of the recommendations and disagrees with 1 of 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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March 4, 2011

Mr. Michael P. Flanagan  
Superintendent of Public Instruction  
and  
Mr. John C. Austin, President  
State Board of Education  
John A. Hannah Building  
Lansing, Michigan

Dear Mr. Flanagan and Mr. Austin:

This is our report on the performance audit of the Office of Professional Preparation Services, Michigan Department of Education.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; three exhibits, 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 plan to address the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

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

AUDITOR GENERAL



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## Description of Agency

The Office of Professional Preparation Services (OPPS) is responsible for ensuring that a person employed in a public elementary or secondary school with instructional responsibilities has a valid credential for the position held. OPPS is also responsible for ensuring that professional school personnel meet preparation and professional development\* requirements. OPPS's mission\* is:

. . . to provide leadership through collaboration with intradepartmental units, other state and federal agencies, professional organizations, higher education institutions, and school districts to develop, implement, monitor, and improve the efficiency and effectiveness of systems for the preparation, licensure, approval, and continued professional development of Michigan's Pre-K-12 educational personnel.

OPPS is composed of two units: the Professional Preparation and Development Unit and the Client Services Unit. The Professional Preparation and Development Unit is responsible for the development, design, and approval of teacher preparation programs; mandated testing programs for teacher certification; and professional development of educational personnel. Also, the Unit is responsible for administering federal grants that provide professional development opportunities to teachers in core curricular subjects\*.

The Client Services Unit is responsible for ensuring that educational personnel seeking certification meet all legal requirements for the certificate and that Michigan schools employ fully certified educators for positions requiring State licensure. Major responsibilities include issuing provisional and professional teaching certificates; vocational authorizations; various teaching endorsements; and school psychologist, administrator, and nurse certificates. Also, the Unit is responsible for investigating instances of criminal convictions of teachers and other certified school personnel and the fraudulent use of teaching certificates. The Unit administers actions to suspend, deny, or revoke certificates when appropriate. Further, the Unit is responsible for reviewing sponsors who provide classes for State Board of Education continuing education units as an alternative to college credits for certificate renewals.

\* See glossary at end of report for definition.

The State School Aid Act of 1979, as amended, and the *Michigan Administrative Code* require that for teachers to be properly certified, teachers must be endorsed for their current assigned teaching positions, possess a bachelor's degree from an approved teacher preparation institution, and demonstrate competency by passing the Michigan Test for Teacher Certification\* basic skills test and applicable subject area tests.

In addition, the federal No Child Left Behind Act of 2001 (Title 20, Section 6301 of the *United States Code*) defines a "highly qualified teacher" as a teacher who has obtained a full state teacher certification or has passed the state teacher licensing examination and holds a license to teach in the state; holds a minimum of a bachelor's degree; and has demonstrated subject area competence in each of the academic subjects in which the teacher teaches.

The Michigan Department of Education reports to the federal government teacher qualifications, including the percentage of classes taught by highly qualified teachers. In addition, the federal No Child Left Behind Act requires school districts\* to notify parents when their child has been assigned, or has been taught for four or more consecutive weeks by, a teacher who is not highly qualified.

The Client Services Unit hired monitors to verify that teachers are properly certified, endorsed, or hold permits in their current teaching assignments. The monitors completed 1,109 site visits of Michigan school districts from March 15, 2007 through June 30, 2010 (see Exhibit 2).

The Department of Technology, Management & Budget (DTMB) assists OPPS in maintaining its automated licensing system, License 2000. Further, DTMB's Center for Educational Performance and Information (CEPI) assists OPPS by providing school personnel data reported by school districts to the Registry of Educational Personnel database.

For fiscal year 2009-10, OPPS expended \$3.23 million and had 32.5 full-time equated positions.

\* See glossary at end of report for definition.

## **Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up**

### Audit Objectives

Our performance audit\* of the Office of Professional Preparation Services (OPPS), Michigan Department of Education (MDE), had the following objectives:

1. To assess the effectiveness\* of OPPS's monitoring of teachers' professional development\* and continuing education\* requirements.
2. To assess the effectiveness of OPPS's efforts to ensure that K-12\* classes were taught by qualified teachers\*.

### Audit Scope

Our audit scope was to examine the program and other records of the Office of Professional Preparation Services. We conducted this performance audit in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our preliminary review, conducted from April through June 2010, and our audit procedures, conducted from July through September 2010, generally covered the period October 1, 2007 through September 30, 2009.

As part of the audit, we compiled supplemental information based on information provided by MDE regarding teachers for the 2008-09 academic school year (see Exhibit 1), the number of school district visits completed by monitors during the period March 15, 2007 through June 30, 2010 (see Exhibit 2), and the number of certificates processed during the period September 1, 2008 through August 31, 2009 (see Exhibit 3). Our audit was not directed toward expressing a conclusion on this information and, accordingly, we express no conclusion on it.

\* See glossary at end of report for definition.

### Audit Methodology

We conducted a preliminary review of OPPS's operations to formulate a basis for defining the audit objectives and scope. Our preliminary review included a review of applicable federal and State laws and regulations; other reference material; selected files, records, and public school district teacher information; and teacher preparation institution performance scores for the 2005-06 through 2007-08 academic school years. We interviewed individuals responsible for working with higher education institutions\* to develop and implement educational programs to prepare students for careers as teachers and for monitoring the qualifications of teachers at school districts. We also analyzed OPPS's efforts to monitor teachers who have committed a criminal activity. Further, we reviewed the teacher certification process and identified the number of teaching certificates processed by OPPS during the period September 1, 2008 through August 31, 2009.

To assess the effectiveness of OPPS's monitoring of teachers' professional development requirements, we obtained information from the Registry of Educational Personnel (REP) to analyze the amount of professional development that school districts reported was obtained by their teachers. We contacted school districts to determine the accuracy of the number of hours of professional development that the districts stated were provided to teachers to ensure that the hours reported in REP were accurate.

To assess the effectiveness of OPPS's monitoring of teachers' continuing education requirements, we reviewed OPPS procedures to verify that applicants obtained continuing education credits. We reviewed the procedures OPPS used to approve and monitor sponsors who provide State Board of Education continuing education units.

To assess the effectiveness of OPPS's efforts to ensure that K-12 classes were taught by qualified teachers, we reviewed the terms of the grant agreement that funded site visits of school districts. We also reviewed the content of OPPS's agreements with contractors who monitored the qualifications of teachers at school districts and identified the number of contracted monitoring visits completed during the period March 15, 2007 through June 30, 2010 (see Exhibit 2). We selected a random sample of 20 monitoring reviews completed by contracted staff to determine if qualified teachers were instructing classrooms, if the attached documentation supported recorded conclusions, and if

\* See glossary at end of report for definition.

parents were notified when their child was taught by a nonqualified teacher. We also reviewed OPPS procedures for pursuing the return of State aid from those school districts that had used nonqualified teachers. We obtained public school district reported personnel data from REP, which is maintained by the Center for Educational Performance and Information, Department of Technology, Management & Budget. We matched REP information with OPPS certification information (License 2000 software) to determine if licensing information was accurately presented and teacher certifications were current. We also reviewed how OPPS used REP data and determined what information OPPS reported to the U.S. Department of Education.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by designed, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis. To the extent practical, we add balance to our audit reports by presenting noteworthy accomplishments for exemplary achievements identified during our audits.

#### Agency Responses and Prior Audit Follow-Up

Our audit report contains 6 findings and 8 corresponding recommendations. MDE's preliminary response indicates that it agrees with 7 of the recommendations and disagrees with 1 of the recommendations.

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 the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require MDE to develop a plan to address the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We released our prior performance audit of the Office of Professional Preparation Services, Department of Education (31-140-02), in August 2004. Within the scope of the audit, we followed up 14 of the 16 prior audit recommendations. MDE complied with 10 of the 14 recommendations. We repeated 1 prior audit recommendation in Finding 6, and 3 other prior audit recommendations were rewritten for inclusion in Findings 1 and 2 in this audit report.

## **COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES**

## **EFFECTIVENESS OF OPPS'S MONITORING OF TEACHERS' PROFESSIONAL DEVELOPMENT AND CONTINUING EDUCATION**

**Background:** Professional development is a comprehensive, sustained, and intensive approach to improving a teacher's effectiveness in raising student achievement. This training should address the learning goals and objectives established by educators at the school and is routinely provided by the school district during the academic school year. Professional development activities are not required to be completed for a teacher to obtain or retain certification or to be classified as highly qualified within federal regulations.

Continuing education involves the completion of semester hours of academic credit at any recognized university, college, or Michigan community college or State Board of Education continuing education units or a combination of the two. This education is required for teachers to retain their certification, which is a requirement to be considered highly qualified within federal regulations.

### **COMMENT**

**Audit Objective:** To assess the effectiveness of the Office of Professional Preparation Services' (OPPS's) monitoring of teachers' professional development and continuing education requirements.

**Audit Conclusion:** We concluded that OPPS was not effective in the monitoring of teachers' professional development requirements and was effective in the monitoring of teachers' continuing education requirements. Our assessment disclosed one material condition\*. OPPS should monitor school districts to ensure that school districts provide teachers with the required amount of professional development. In addition, OPPS should validate the professional development data recorded by school districts in the Registry of Educational Personnel database. (Finding 1)

Our assessment also disclosed one reportable condition\* related to the review of continuing education credits (Finding 2).

\* See glossary at end of report for definition.

## **FINDING**

### **1. Monitoring of Professional Development**

OPPS should monitor school districts to ensure that school districts provide teachers with the required amount of professional development. In addition, OPPS should validate the professional development data recorded by school districts in the Registry of Educational Personnel (REP) database. Without monitoring teacher development, OPPS cannot ensure that school districts are providing professional development designed to enable teachers to gain new skills and knowledge.

Section 380.1527 of the *Michigan Compiled Laws* requires each school district board to provide at least 5 days a year of teacher professional development. In addition, Section 380.1526 of the *Michigan Compiled Laws* requires that school districts provide new teachers (an individual in his or her first 3 years of employment in classroom teaching) 15 additional days of professional development over 3 years. Although statutes require that school districts provide a mandated amount of professional development, statutes do not require the Michigan Department of Education (MDE) to ensure that school districts provide the required amount of professional development or define how many hours of professional development constitute a day. However, OPPS's mission states that OPPS will provide leadership to develop, implement, monitor, and improve the efficiency and effectiveness of systems for continued professional development of Michigan's Pre-K-12 educational personnel.

OPPS informed us that due to resource limitations, it did little to monitor whether schools provided the required amount of professional development days. Also, OPPS indicated that it relied on REP data as an indicator of the amount of professional development provided by school districts. School districts report annually to REP the number of professional development hours provided to teachers each year. MDE informed us that each school district's teacher contract establishes how many hours in a day constitute a school day.

Our review of the professional development data provided by school districts disclosed that the school districts did not provide new or experienced teachers with the required number of days of professional development and that professional development hours as reported by school districts in REP were not accurate. Because of the possible variance between school districts on how many hours

equates to a day, we considered six hours of professional development to equate to one day. Therefore, we considered 10 days or 60 hours of professional development for new teachers and 5 days or 30 hours for experienced teachers to be reasonable for the purposes of our review. Our review disclosed:

- a. For the 2008-09 academic school year, the data reported by the school districts in REP indicated that 5,803 (55%) of 10,485 new teachers received less than 60 hours of professional development.

Our review of REP data indicated apparent data inaccuracies such as zero hours of reported professional development and miscoding of teaching staff (see part b.). As a result, we contacted 12 school districts to verify the new teacher professional development data reported in REP. Ten (83%) of the 12 school districts reported that they underreported some of their professional development data in REP. However, from the information provided by these 12 school districts, we concluded that 19% of their new teachers did not receive 30 hours of professional development and 73% of the new teachers did not receive 60 hours of professional development.

- b. For the 2008-09 academic school year, the data reported by the school districts in REP indicated that 29,433 (32%) of 92,694 experienced teachers had received less than 30 hours of professional development.

We contacted 13 school districts to verify the teacher professional development data reported in REP. Eleven (85%) of the 13 school districts reported that they underreported some of their professional development data in REP and that some teachers had been provided at least 30 hours. However, from the information provided by these 13 school districts, we concluded that 24% of their teachers did not meet the 30-hour threshold and 13% received no professional development. One school district stated that professional development had not been emphasized in the school district and that the zero hours of professional development reported in REP for its 73 teachers was correct. For these 13 school districts, the professional development hours that the school districts reported in REP for 81% of the teachers varied by 3 to 171 hours when compared to the hours that the school districts reported to us.

Reasons provided by school districts varied as to why data reported in REP differed from the data provided to us. For example, one school district reported zero hours for all teachers because the school district did not have the resources to enter the information into REP. Another school district reported 24 hours of professional development for most of its teachers because it did not know the actual number of hours but knew that it had provided some professional development.

## **RECOMMENDATIONS**

We recommend that OPPS monitor school districts to ensure that school districts provide teachers with the required amount of professional development.

We also recommend that OPPS validate the professional development data recorded by school districts in the REP database.

## **AGENCY PRELIMINARY RESPONSE**

MDE partially disagrees with the finding and recommendations.

MDE is not required by statute to monitor professional development being provided by local districts. MDE informed us that neither OPPS nor the Office of State Aid and School Finance has the resources to travel to school districts to monitor the data that they enter into various State systems. In order to renew their teaching certificates, all educators must complete either State Board of Education continuing education units or additional coursework. MDE also informed us that this requirement ensures that educators are responsible for their own professional development in spite of what may or may not be offered by the local district.

MDE informed us that the Center for Educational Performance and Information (CEPI) has added additional data quality analysis of new teachers since the time of the data collection used for the audit.

MDE also informed us that CEPI has added additional analysis of professional development data to the data quality feedback to be provided to school districts for the End-of-Year 2011 REP. MDE further informed us that, as districts readily admitted to the audit staff that they did not put forth care in reporting this required AND FUNDED data collection, these data quality checks can serve as another mechanism for reminding districts of the importance of this work. Again, the law

does not require that MDE monitor professional development being provided by local districts. MDE informed us that it does not have the resources to travel to school districts to monitor the data that they enter into various State systems.

## **OFFICE OF THE AUDITOR GENERAL EPILOGUE**

MDE's Web site indicates that the Superintendent of Public Instruction is responsible for the implementation of bills passed by the Legislature and policies established by the State Board of Education. In addition, besides the OPPS mission statement included in the finding, MDE's Web site states that OPPS is to foster the educational achievement of all Michigan youth and adults, Pre-K through 12th grade, by ensuring that all professional school personnel complete quality preparation and professional development programs which meet standards established by the Legislature and the State Board of Education. Based on MDE's stated responsibilities, we believe that MDE has the responsibility to monitor school districts' compliance with State statutes related to professional development.

## **FINDING**

### **2. Review of Continuing Education Credits**

OPPS had not developed sufficient sampling procedures to determine if applicants who renewed their teacher certificates obtained the required continuing education credits. The lack of sufficient sampling procedures increases the risk that OPPS will renew teaching certificates of applicants who have not obtained the required continuing education credits needed for recertification.

*Michigan Administrative Code R 390.1135* requires that teachers renewing their professional or occupational education certificate complete six semester hours of academic credit at any recognized university, college, or Michigan community college or 18 State Board of Education continuing education units or a combination of the two. OPPS requires that individuals seeking to renew their professional or occupational education certificate complete an application that instructs the applicant to retain all proof of continuing education credits earned in case of audit and to not submit any transcripts with the application.

OPPS processed 4,662 teacher renewal certificates for the period January 1, 2010 through September 13, 2010. OPPS selected and reviewed the education requirements for only the 119 applicants who had mistakenly attached proof of

meeting their continuing education requirements with their renewal application. OPPS should have selected a sample of applicants from the entire population of renewal applications, not just those who mistakenly submitted continuing education documentation.

### **RECOMMENDATION**

We recommend that OPPS develop sufficient sampling procedures to determine if applicants who are renewing their teacher certificates obtained the required continuing education credits.

### **AGENCY PRELIMINARY RESPONSE**

MDE agrees. MDE informed us that, with the implementation of the new Michigan Online Educator Certification System (MOECS) beginning February 8, 2011, electronic error checks and auditing procedures will be implemented for professional renewals as well as other OPPS processes. MDE also informed us that MOECS processes applications electronically with specific error checks in accordance with administrative rules, therefore enabling OPPS to have the resources and staff to verify documentation and audit on a larger scale.

### **EFFECTIVENESS OF OPPS'S EFFORTS TO ENSURE CLASSES WERE TAUGHT BY QUALIFIED TEACHERS**

**Background:** The State School Aid Act of 1979, as amended, and the *Michigan Administrative Code* require that for teachers to be properly certified, teachers must be endorsed for their current assigned teaching positions. In addition, federal regulations define "highly qualified teachers" as those who possess a bachelor's degree and are certified, endorsed, or authorized to teach the subject and have one of the following: college major in the subject; passed a state test in the subject; completed a state approved High Objective Uniform State Standard of Evaluation\* (HOUSSE); or hold National Board Certification in the subject. Federal regulations require that public schools classified as Title I\* schools must have 100% of their teachers in core curricular subjects meet the definition of highly qualified. In the 2008-09 academic school year, Michigan had 103,179 teachers (Exhibit 1).

\* See glossary at end of report for definition.

**Audit Objective:** To assess the effectiveness of OPPS's efforts to ensure that K-12 classes were taught by qualified teachers.

**Audit Conclusion:** We concluded that OPPS's efforts were effective in ensuring that K-12 classes were taught by qualified teachers. However, our assessment disclosed four reportable conditions related to teaching certificates, compliance with purchasing procedures, procedures for school district reviews, and late special permit applications (Findings 3 through 6).

**Noteworthy Accomplishments:** OPPS used Title II\* funding to hire monitors to conduct site visits of school districts to verify that teachers were instructing only core curricular subjects in their field of certification or endorsement. On-site visits began in March 2007 (see Exhibit 2). Monitors also assisted school districts in analyzing their needs regarding highly qualified teachers and in developing a corrective action plan for meeting those requirements. Corrective action plans may include reassigning teachers or supporting the teachers' acquisition of additional coursework or other actions deemed appropriate. When necessary, financial resources were identified and a time line for compliance was given. Part of this process included looking at teacher assignments and appropriate placements based on the teachers' certification. In November 2008, OPPS staff were invited to Washington, D.C., to present this project to a national audience of educators working with certification and teacher qualification issues. OPPS stated that the site review process was recognized by the U.S. Department of Education as innovative and unique to Michigan.

## **FINDING**

### **3. Teaching Certificates**

OPPS's certification reporting process did not identify all school district teachers who had not renewed or obtained their teaching certificates. As a result, school districts may not be aware that teachers have not renewed their certificates or the current status of teachers with pending certificates.

\* See glossary at end of report for definition.

Section 380.1233 of *Michigan Compiled Laws* requires that school district boards shall not permit a teacher who does not hold a valid teaching certificate to teach in a grade or department of the school. This section does not apply to substitute teachers. An individual teacher is responsible for maintaining an active teaching certificate and must renew his or her certificate every five years. OPPS uses License 2000 to record teacher certifications.

OPPS relies on electronic edits in REP to identify teachers who do not hold a valid or an active teaching certificate. REP matches teacher data submitted by school districts with License 2000 and notifies school districts when the license is not valid. OPPS does not receive a report identifying teachers whose certificate has lapsed. OPPS does receive a report on pending credentials but did not follow up on lapsed or pending teaching certifications during the audit period.

Our comparison of teacher certification status from License 2000 for 103,179 active teachers to REP for the academic school year ended June 30, 2009 and REP certification status of selected teachers as of December 2009 disclosed:

- a. Certificates of 54 teachers who taught during the 2008-09 school year had expired prior to or on June 30, 2008. School districts reported in REP that these teachers taught 61 classes. The certificates expired between June 30, 1992 and June 30, 2008.

In addition, REP indicated that 139 teachers continued to instruct classes during the 2009-10 school year after their certificates expired on June 30, 2009.

- b. We identified 73 teachers in REP that did not hold a valid certificate in License 2000.

School districts reported in REP that these 73 teachers had pending credentials. OPPS stated that a school district could employ an individual with pending credentials for no more than 90 days. By using the pending credential coding, REP electronic edits accepted these individuals with pending status because the individuals did not have valid credentials in License 2000. REP had identified 19 of the 73 teachers since fall 2006 as

having pending credentials. OPPS stated that it did not have documentation that these individuals had attempted to obtain valid certificates.

School districts reported that these teachers taught 45 classes during the school year and that 24 of the teachers met the definition of a highly qualified teacher.

### **RECOMMENDATION**

We recommend that OPPS improve its certification reporting process to ensure that it identifies all school district teachers who have not renewed their teaching certificates or who have pending credentials greater than 90 days.

### **AGENCY PRELIMINARY RESPONSE**

MDE agrees with the finding and stated that certification of teachers is important to MDE. MDE informed us that, while MDE regrets that 45 classes were taught during the audit period by teachers without valid certificates and reported as pending by the school district, it is important to remember that there were more than 103,000 validly certified teachers reported in REP.

All educational data and reporting information is collected by CEPI in accordance with State law. OPPS coordinates the REP data collection with CEPI. The REP electronic edits accept the pending status for data submission so that districts are able to enter teachers whose certification is in a pending status.

MDE informed us that, with the implementation of the new MOECS beginning February 8, 2011, REP will more accurately cross check with certificates, endorsements, and validity dates. MDE also informed us that MOECS processes applications electronically in accordance with administrative rules, therefore enabling OPPS to have the resources and staff to verify documentation and audit on a more consistent basis.

## **FINDING**

### **4. Compliance With Purchasing Procedures**

OPPS did not solicit competitive bids for the acquisition of contractual services as required by federal and State purchasing policies. In addition, OPPS should discontinue classifying intermediate school districts as subrecipients when OPPS is managing the grant program. As a result, OPPS could not ensure that it obtained technical assistance and invoice processing services at a reasonable cost. Noncompliance with federal regulations could potentially result in sanctions, disallowances, and or future reductions of the Statewide Title II funding.

Federal regulations require that the costs be reasonable and necessary and that states use the same policies and procedures used to procure federally and nonfederally funded services. The Department of Technology, Management & Budget (DTMB) requires that State agencies use DTMB to solicit bids for services in excess of \$25,000 to ensure that State agencies obtain the most qualified vendor at the most competitive cost.

Between January 1, 2008 and December 31, 2009, OPPS awarded four grants totaling \$757,300 from Statewide Title II funds to St. Clair County Regional Educational Service Agency (RESA). The grants were to provide technical assistance by monitors to school districts to ensure that core curricular classes were taught by teachers who were qualified for their assignments. OPPS did not solicit competitive bids for the contract to St. Clair County RESA. In addition, neither OPPS nor St. Clair County RESA competitively bid for the services of the monitors. Our review disclosed that OPPS, not St. Clair County RESA, managed the grant program and OPPS contracted with the monitors who provided the technical assistance to the school districts. OPPS provided review procedures, training, and direction to the contracted monitors. St. Clair County RESA's only function related to these grants was to process individual contract invoices and seek reimbursement from OPPS.

In addition, OPPS reimbursed St. Clair County RESA (between January 1, 2008 and December 31, 2009) \$57,519 (8%) of the total \$757,300 for the four grant agreements for its invoice processing service. OPPS staff and St. Clair County RESA informed us that St. Clair County RESA's duties were limited to processing the 63 invoices for technical assistance services, equating to \$913 per invoice.

According to DTMB, the cost to process an invoice by the State of Michigan is estimated to be between \$24 and \$29.

We concluded that St. Clair did not perform duties that meet the definition of a subrecipient and MDE is responsible as the grantee to ensure that costs are reasonable. Based on the DTMB rate, it appears the reimbursement of \$913 per invoice was excessive and not reasonable in accordance with federal requirements.

In addition, because the St. Clair County RESA contracts for 3 of the 8 monitors earned more than \$25,000, OPPS was required to involve DTMB in the competitive bidding process.

## **RECOMMENDATIONS**

We recommend that OPPS solicit competitive bids for the acquisition of contractual services as required by federal and State purchasing policies.

We also recommend that OPPS discontinue classifying intermediate school districts as subrecipients when OPPS is managing the grant program.

## **AGENCY PRELIMINARY RESPONSE**

MDE agrees and informed us that it has taken corrective actions in that St. Clair County RESA is now responsible for complete administration of the grant and the contracts for the technical assistance providers (monitors). MDE also informed us that these individuals report to the project manager who is also contracted through St. Clair County RESA and assisted by a secretary who coordinates documentation sharing between St. Clair and OPPS. In addition, MDE informed us that OPPS assists the project only by providing a liaison for policy information and support in interpretation of State and federal laws. Further, MDE informed us that the fiscal year 2011-12 grant will go through the competitive bid process in response to the audit finding.

## **FINDING**

### **5. Procedures for School District Reviews**

OPPS needs to improve its procedures related to site visits at school districts to ensure that contractors complete appropriate reviews and submit complete data regarding teacher qualifications. Improved procedures would help OPPS ensure that only qualified teachers are instructing core curricular subjects.

During fiscal year 2009-10, OPPS contracted with 8 monitors to make site visits at school districts to ensure that qualified teachers instructed core curricular subjects. OPPS had developed procedures outlining its expectations of the reviews. However, OPPS's procedures did not provide sufficient guidance concerning sampling procedures, documentation to be obtained and maintained, and the format for reporting results.

The contractors completed 1,109 school district site visits between March 15, 2007 and June 30, 2010. Our review of OPPS's procedures and documentation of 20 randomly selected contractor-completed school district site visits disclosed:

- a. OPPS's procedures did not require contractors to verify whether teachers instructed subjects that school districts reported in REP. School districts report in REP the classes each teacher instructs during the school year. Contractors used REP data and the school district's master scheduling list to determine if the teacher was properly certified or endorsed or held a permit to teach the class. However, the teacher's actual assignment could have changed so REP or the master scheduling list may no longer be accurate.
- b. OPPS's procedures did not require contractors to maintain documentation that supported their reports and conclusions.

OPPS reported that its contractors maintained various levels of supporting documentation from school district site visits at their homes. We requested the supporting documentation from 20 randomly selected site visits for review. Our review disclosed that supporting documentation was not available for 3 (15%) of the site visits. In addition, documentation from 5 (25%) of the site visits did not contain a copy of the school district's master scheduling list used by contractors to ensure that teachers were instructing courses they were qualified to teach. Without this documentation, OPPS could not be assured

that the contractors completed the reviews and that the reported conclusions were correct.

Because the reviews were funded with federal funds, federal regulations required the grantee to maintain records to carry out the duties of the program for a specific period of time. Noncompliance with federal requirements can result in disallowances and sanctions.

- c. OPPS did not require contractors to document the sampling methodology they used to complete site visits. Also, OPPS did not require contractors to document the steps they should take if they identified a high number of teachers who were not properly certified, endorsed, or permitted during a site visit. Because OPPS relied on reviewing a sample of teacher qualifications, it needs contractors to clearly state the sampling methodology used so OPPS can determine if a sufficient sample was selected, reviewed, and evaluated to ensure that school districts were in compliance with federal and State requirements. In addition, OPPS could use sampling results to verify the accuracy of totals reported in REP related to the percent of classes taught by highly qualified teachers.
- d. OPPS's procedures did not require contractors to disclose any conflict of interest to help OPPS ensure that contractors did not have any conflict, real or apparent, at any of the school districts that they visited. Because all of the contractors had extensive backgrounds in State education, requiring contractors to complete and sign a conflict-of-interest document would provide OPPS with knowledge of any type of relationship or interest a contractor had with a school district that might influence his or her judgment.
- e. OPPS's procedures did not ensure that its new school districts were included in the population of school districts from which contractors selected their sample of school districts to visit. Contractors used a 2006 listing of school districts to select a sample of school districts to perform site visits between March 15, 2007 and June 30, 2010. We identified 9 public school academies that were not included in the 2006 listing used during the site visits and an additional 10 school districts that had opened in 2009 or were opening in fall 2010. As a result, these academies and school districts were not subject to contractor reviews.

## **RECOMMENDATION**

We recommend that OPPS improve its procedures related to site visits at school districts to ensure that contractors complete appropriate reviews and submit complete data regarding teacher qualifications.

## **AGENCY PRELIMINARY RESPONSE**

MDE agrees. MDE informed us that its documentation processes have been revised and that the contracted project manager has updated all review documents to reflect information that is required to be gathered during visits. MDE also informed us that its technical assistance providers (monitors) have been instructed to retain documentation from the visits and a five-year retention schedule has been established. In addition, MDE informed us that school visits are also verified via a written survey that each district or school completes after the monitoring visit.

## **FINDING**

### **6. Late Special Permit Applications**

OPPS did not refer late special permit applications to the Office of State Aid and School Finance as required by State statute. As a result, MDE limited its ability to enforce financial sanctions on noncompliant school districts. Financial sanctions may have acted as a deterrent to school districts' employment of noncertified teachers.

Section 380.1233(1) of the *Michigan Compiled Laws* prohibits a teacher who does not hold a valid teaching certificate from teaching in any grade or department in a school. When certified teachers are not available, Section 380.1233b of the *Michigan Compiled Laws* authorizes the State Board of Education to issue special permits to school districts to enable them to employ noncertified teachers. In accordance with Board policy, school districts may employ a noncertified teacher prior to approval, but a school district must apply for a special permit prior to December 1 or 30 days following the date of employment, whichever is later. To help ensure compliance with the statute, Section 388.1763 of the *Michigan Compiled Laws* states that a school district or an intermediate school district employing teachers or counselors not legally certificated shall have their State school aid payments deducted by the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment.

Our review of the special permit applications received from July 10, 2008 through May 28, 2010 disclosed that 98 (20%) of the 487 applications were not filed on a timely basis. Sixty nine (70%) of 98 late applications were 15 or more days late. OPPS informed us that it did not refer late applications to the Office of State Aid and School Finance to initiate the required recovery of State school aid funds. We noted that OPPS eventually approved all 98 special permits.

We reported on this issue in our prior audit report. In response to our prior recommendation, MDE stated that OPPS will refer all late applications received after December 1, or the 30-day time limit, to the Office of State Aid and School Finance as required by statute.

### **RECOMMENDATION**

WE AGAIN RECOMMEND THAT OPPS REFER LATE SPECIAL PERMIT APPLICATIONS TO THE OFFICE OF STATE AID AND SCHOOL FINANCE AS REQUIRED BY STATE STATUTE.

### **AGENCY PRELIMINARY RESPONSE**

MDE agrees. MDE informed us that, with the implementation of the new MOECS beginning February 8, 2011, all permits will be rescinded after nonpayment. MDE also informed us that the new system will enable staff to accurately refer all applications received after December 1, or the 30-day time limit, to the Office of State Aid and School Finance as required by statute.

## **SUPPLEMENTAL INFORMATION**

OFFICE OF PROFESSIONAL PREPARATION SERVICES  
Michigan Department of Education  
Teacher Statistics  
2008-09 Academic School Year

|  |                |
|--|----------------|
| Number of teachers (public schools)  | 103,179        |
| Number of teachers with greater than 3 years of experience   | 92,694         |
| Number of teachers with less than 3 years of experience (considered a new teacher)                                 | 10,485         |
| Number of public school districts and intermediate school districts  | 839            |
| Average number of teachers per public school district  | 123            |
| Number of public school districts reporting new teachers with less than 3 years of experience                      | 787            |
| Average number of new teachers with less than 3 years of experience per public school district                     | 13             |
| Public school districts with some teachers who DID NOT obtain at least 30 hours of professional development        | 775 (92.4%)    |
| Teachers who DID NOT obtain at least 30 hours of professional development  | 32,082 (31.1%) |
| New teachers with less than 3 years of experience who DID NOT obtain at least 30 hours of professional development | 2,649 (25.3%)  |
| New teachers with less than 3 years of experience who DID NOT obtain at least 60 hours of professional development | 5,803 (55.4%)  |

Source: Registry of Educational Personnel, Center for Educational Performance and Information, Department of Technology, Management & Budget.

UNAUDITED  
Exhibit 2

OFFICE OF PROFESSIONAL PREPARATION SERVICES

Michigan Department of Education  
Contracted School District Monitoring Activities  
March 15, 2007 through June 30, 2010

| Completion Period                          | Reviews Completed |
|--|-------------------|
| March 2007 - June 2007                     | 99                |
| July 2007 - September 2007                 | 185               |
| October 2007 - January 2008                | 239               |
| March 2008 - May 2008                      | 100               |
| September 2008 - January 2009              | 244               |
| March 2009 - June 2009                     | 75                |
| October 2009 - January 2010                | 97                |
| April 2010 - June 2010                     | 70                |
| Total                                      | <u>1,109</u>      |
|  |                   |
| Public School Districts Visited            |                   |
| Visited district 4 times                   | 4                 |
| Visited district 3 times                   | 38                |
| Visited district 2 times                   | 201               |
| Visited district 1 time                    | 577               |
| Total                                      | <u>820</u>        |
|  |                   |
| Number of public school districts          | 839               |
| Percent of public school districts visited | 97.7%             |

Source: Office of Professional Preparation Services, Michigan  
Department of Education.

OFFICE OF PROFESSIONAL PREPARATION SERVICES (OPPS)

Michigan Department of Education

Certificates Processed by OPPS

September 1, 2008 through August 31, 2009

| License Type  | Obtained By                         | Count |
|---|-------------------------------------|-------|
| 1233(b) (Limited license to instruct)                   | Application                         | 1     |
| 1233B (Noncertified) permit                             | Application                         | 30    |
| 18-hour continuing                                      | Application                         | 1     |
| Administrator   | In-State recommendation             | 1,305 |
| Administrator   | Out-of-State application            | 131   |
| Annual authorization credit track                       | In-State recommendation             | 131   |
| Annual vocational authorization - Adult education       | Application                         | 52    |
| Annual vocational authorization - Day-to-day substitute | Application                         | 226   |
| Annual vocational authorization - Day-to-day substitute | In-State recommendation             | 1     |
| Annual vocational authorization - Initial               | Application                         | 143   |
| Annual vocational authorization - Less than class size  | Application                         | 122   |
| Annual vocational authorization - Long-term substitute  | Application                         | 11    |
| Emergency permit  | Application                         | 5     |
| Full-year permit  | Application                         | 224   |
| Interim occupational certificate                        | In-State recommendation             | 160   |
| Interim school nurse                                    | Application                         | 11    |
| Military and Peace Corps experience                     | Application                         | 4     |
| Occupational education certificate                      | In-State recommendation             | 119   |
| Occupational education certificate                      | Out-of-State application            | 5     |
| Preliminary school guidance counselor                   | In-State recommendation             | 47    |
| Preliminary school psychologist                         | In-State recommendation             | 46    |
| Preliminary school psychologist                         | Out-of-State application            | 15    |
| Professional education certificate                      | Application                         | 2     |
| Professional education certificate                      | In-State recommendation             | 6,176 |
| Professional education certificate                      | Out-of-State application            | 159   |
| Professional education certificate                      | Out-of-State application w/ MI prov | 715   |
| Professional school nurse                               | Application                         | 13    |
| Provisional certificate                                 | Application                         | 10    |
| Provisional certificate                                 | In-State recommendation             | 5,685 |
| Provisional certificate                                 | Out-of-State application            | 511   |
| School guidance counselor license                       | In-State recommendation             | 149   |

*This schedule continued on next page.*

OFFICE OF PROFESSIONAL PREPARATION SERVICES (OPPS)

Michigan Department of Education  
Certificates Processed by OPPS  
September 1, 2008 through August 31, 2009

| License Type                                  | Obtained By              | Count         |
|---|--------------------------|---------------|
| School guidance counselor license             | Out-of-State application | 14            |
| School psychologist                           | In-State recommendation  | 33            |
| School psychologist                           | Out-of-State application | 10            |
| Standard nurse                                | Application              | 5             |
| Substitute permit                             | Application              | 18,805        |
| T2EA – Professional                           | Out-of-State application | 6             |
| T2EA – Provisional                            | Out-of-State application | 358           |
| Temporary school guidance counselor authority | Out-of-State application | 21            |
| Two year provisional certificate              | Application              | 180           |
| Total   |                          | <u>35,642</u> |

Source: Office of Professional Preparation Services, Michigan Department of Education.

# GLOSSARY

## Glossary of Acronyms and Terms

|   |   |
|---|---|
| CEPI  | Center for Educational Performance and Information.   |
| continuing education  | Semester hours of academic credit at any recognized university, college, or Michigan community college or State Board of Education continuing education units or a combination of the two. This training is usually taken by the individual outside the school district's operation.  |
| core curricular subjects                                      | In Michigan, these include English, reading, language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography.  |
| DTMB  | Department of Technology, Management & Budget.  |
| effectiveness   | Success in achieving mission and goals.   |
| High Objective Uniform State Standard of Evaluation (HOUSSSE) | An alternative method to assessing teacher subject matter competency that allows current teachers to demonstrate subject matter competency and highly qualified teacher requirements through a combination of proven teaching experience, professional development, and knowledge in the subject acquired over time through working in the field. |
| higher education institution                                  | A public or independent four-year college or university or a two-year public institution.   |
| K-12  | Kindergarten through 12th grade.  |
| material condition  | A reportable condition that 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.   |

|   |  |
|---|--|
| MDE                                     | Michigan Department of Education.  |
| Michigan Test for Teacher Certification | Michigan's testing program composed of a basic skills test and subject area tests.   |
| mission                                 | The main purpose of a program or an agency or the reason that the program or the agency was established.   |
| MOECS                                   | Michigan Online Educator Certification System.   |
| OPPS                                    | Office of Professional Preparation 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 program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability. |
| professional development                | A comprehensive, sustained, and intensive approach to improving teachers' effectiveness in raising student achievement. This training should address the learning goals and objectives established by educators at the school and is routinely provided by the school district during the academic school year.  |
| qualified teachers                      | Teachers who have met Michigan certification standards (have obtained a college degree and passed the Michigan Test for Teacher Certification) and are teaching in their field of certification or endorsement.  |
| REP                                     | Registry of Educational Personnel.   |
| reportable condition                    | A matter that, in the auditor's judgment, 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 objectives of the audit; 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.

|                 |   |
|-----------------|---|
| RESA            | Regional Educational Service Agency.  |
| school district | A local school district, intermediate school district, public school academy, urban high school academy, or strict discipline academy.  |
| Title I         | The first section of the federal Elementary and Secondary Education Act of 1965, as amended, known as the No Child Left Behind Act. Title I refers to programs aimed at America's most disadvantaged students. Title I, Part A, provides assistance to improve the teaching and learning of children to meet challenging state academic content and performance standards.  |
| Title II        | Federal program funded by the U.S. Department of Education, the purpose of which is to increase student academic achievement by improving teacher and principal quality. This program is carried out by increasing the number of highly qualified teachers in the classrooms, increasing the number of highly qualified principals and assistant principals in schools, and holding schools accountable for improvements in student academic achievement. |









