

Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

Early On
Michigan Department of Education

December 2016

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



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Report Summary

Follow-Up Report

Early On

Michigan Department of Education (MDE)

Report Number:
313-2000-12F

Released:
December 2016

We conducted this follow-up to determine whether MDE had taken appropriate corrective measures in response to the two material conditions noted in our November 2013 audit report.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
<p>Finding #1 - Material condition</p> <p>Improvement needed to ensure that intermediate school districts (ISDs) provide Early On-only children access to a comprehensive selection of early intervention (EI) services delivered by qualified personnel.</p> <p>Agency agreed.</p>	Complied	No findings; however, we provided an observation.	Not applicable
<p>Finding #2 - Material condition</p> <p>Improvement needed to ensure that ISDs develop and review Early On children's individualized family service plans in accordance with federal regulations.</p> <p>Agency agreed.</p>	Complied	Not applicable	Not applicable

We observed that, when MDE has determined the amount of local ISD funds spent for EI services, it should consider any impact on its future State funding requests to help ensure that it requests the optimum amount of State funding for EI services for Early On-only children.

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

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Doug A. Ringler, CPA, CIA
Auditor General

December 28, 2016

Mr. Brian J. Whiston
Superintendent of Public Instruction
Michigan Department of Education
John A. Hannah Building
Lansing, Michigan

Dear Mr. Whiston:

I am pleased to provide this follow-up report on the two material conditions (Findings #1 and #2) and two corresponding recommendations reported in the performance audit of Early On, Michigan Department of Education. That audit report was issued and distributed in November 2013. Additional copies are available on request or at www.audgen.michigan.gov.

We appreciate the courtesy and cooperation extended to us during our follow-up. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

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INTRODUCTION, PURPOSE OF FOLLOW-UP, AND PROGRAM DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the two material conditions* (Findings #1 and #2) and two corresponding recommendations reported in our performance audit* of Early On, Michigan Department of Education (MDE), issued in November 2013.

PURPOSE OF FOLLOW-UP

To determine whether MDE had taken appropriate corrective measures to address our corresponding recommendations.

PROGRAM DESCRIPTION

Early On is Michigan's coordinated approach for providing Early Intervention (EI) services* to children from birth to three years old who have disabilities and developmental delays. Using funding from Part C of the federal Individuals with Disabilities Education Improvement Act of 2004 (IDEA - Part C), MDE provides formula grants to 56 intermediate school districts* (ISDs) to identify, evaluate, and coordinate EI services to children and their families across public and private agencies. As of June 2016, MDE reported that, of the 9,666 children in Early On, 3,814 (39.5%) were eligible for both Early On and Michigan Mandatory Special Education (MMSE) and 5,852 (60.5%) were only eligible for Early On.

ISDs are responsible for coordinating multidisciplinary* evaluations and assessments by qualified personnel* of children referred for EI services. The ISDs use multidisciplinary teams to work with the children's parents to develop individualized family service plans* (IFSPs) for EI services. The IFSP must be based on the unique needs of the child and concerns of the parents identified in the child's evaluation and assessment. The parent must consent to each EI service planned for in the child's IFSP.

* See glossary at end of report for definition.

PRIOR AUDIT FINDINGS AND RECOMMENDATIONS, AGENCY PLAN TO COMPLY, AND FOLLOW-UP CONCLUSIONS AND OBSERVATION

FINDING #1

Audit Finding Classification: Material condition.

Summary of the November 2013 Finding:

MDE did not ensure that ISDs provided Early On-only children access to a comprehensive selection of EI services delivered by qualified personnel. Therefore, ISDs were not in compliance with federal regulations and some children eligible for Early On and their families may not have received the most appropriate type and quantity of EI services for their conditions.

Recommendation Reported in November 2013:

We recommended that MDE implement measures to ensure that ISDs comply with federal regulations by providing Early On-only children access to a comprehensive selection of EI services delivered by qualified personnel.

AGENCY PLAN TO COMPLY*

MDE's March 10, 2014 plan to comply indicated that MDE would take the following steps:

- Request additional funding for Early On-only children in the MDE budgetary process.
- Explore changes to Michigan Administrative Rules for Special Education to include infants and toddlers in MMSE funding and the process to obtain additional funding.
- Draft and disseminate personnel standards to the ISDs.
- Complete desk reviews of ISDs for compliance.

FOLLOW-UP CONCLUSION

MDE complied.

Our review of the measures that MDE implemented in response to our recommendation noted:

- a. MDE requested additional State funds for Early On in the fiscal year 2016 and 2017 budgetary processes. However, MDE was not appropriated any additional State funding.
- b. MDE participated in a national Infant and Toddler Coordinators Association fiscal initiative and developed a finance action plan. MDE is in the process of implementing parts of the plan, which include identifying potential sources of additional funding for EI services.

* See glossary at end of report for definition.

- c. MDE conducted a special project to determine if Early On children with specific developmental delays were appropriately referred to and considered eligible for MMSE. As a part of this project, MDE has drafted guidance for the ISDs that will assist them to appropriately consider these children for MMSE funding. This will help the ISDs to direct their limited federal funding toward EI services for Early On-only children with less severe developmental delays.
- d. MDE developed and disseminated qualified personnel standards in February 2015 to help ISDs ensure that the individuals providing EI services meet the appropriate professional requirements.
- e. MDE developed and implemented an on-site child record review process in May 2016 to determine if qualified personnel from multiple disciplines assessed Early On children and assisted in the development of the children's IFSPs in accordance with federal regulations. We randomly sampled and examined 8 of the 20 on-site record reviews that MDE completed at 4 ISDs in May 2016 and noted:
 - (1) Multidisciplinary teams of qualified personnel assessed the children.
 - (2) Multidisciplinary teams developed the IFSPs with the children's parents.
 - (3) EI services were based on the unique needs of the children.
 - (4) ISDs offered services such as physical therapy, occupational therapy, and speech-language pathology services to Early On-only children.
 - (5) Parental consent was obtained for the EI services offered to the children.

OBSERVATION*

At the time of our original audit, a common concern expressed by ISDs was a lack of funding for EI services, and MDE informed us that it had been several years since it had attempted to obtain direct State funds to support Early On. MDE requested, but did not receive, additional State funds for Early On in the fiscal year 2016 or 2017 budgetary processes.

MDE's request for additional State funds in the 2017 budgetary process totaled \$66 million. However, MDE did not consider in this amount any local ISD funds spent for EI services. At the time of this follow-up, MDE was in the process of determining the amount of local ISD funds spent on eligible Early On children. It did so as part of its corrective action for Finding 3131210 noted in the summary schedule of prior audit findings in the State of Michigan Single Audit Report (000-0100-16), located at www.audgen.michigan.gov. When MDE has determined the amount of local ISD funds spent for EI services, it should consider any impact on its future State funding requests to help ensure that it requests the optimum amount of State funding for EI services for Early On-only children.

** See glossary at end of report for definition.*

FINDING #2

Audit Finding Classification: Material condition.

Summary of the November 2013 Finding:

MDE did not ensure that ISDs conducted multidisciplinary assessments; used multidisciplinary teams to develop IFSPs; documented the length, duration, frequency, location, and/or intensity of services in IFSPs; or completed required six-month reviews of IFSPs for children eligible for Early On services. MDE's lack of written procedural guidance and on-site monitoring of ISDs may have limited MDE's ability to ensure that ISDs complied with IFSP federal regulations.

Recommendation Reported in November 2013:

We recommended that MDE implement measures to ensure that ISDs develop and review IFSPs for children and their families qualifying for Early On-only services in accordance with federal regulations.

AGENCY PLAN TO COMPLY

MDE's March 10, 2014 plan to comply indicated that MDE would provide IFSP policy updates to ISDs and conduct monitoring reviews of ISD compliance.

FOLLOW-UP CONCLUSION

MDE complied.

Our review of the measures that MDE implemented in response to our recommendation noted:

- a. MDE developed and disseminated guidance to ISDs regarding the federal requirements for children's IFSPs. The guidance included an example and a checklist for ISDs to use to review locally developed IFSPs for compliance with federal requirements.
- b. MDE developed and implemented an on-site child record review process to determine if the ISDs completed multidisciplinary assessments and developed the children's IFSPs in accordance with the federal regulations. In May 2016, MDE conducted on-site record reviews of 20 children's records at 4 ISDs. We selected a random sample of 8 of the 20 records and verified that:
 - (1) Multidisciplinary teams of qualified personnel assessed the children.
 - (2) Multidisciplinary teams developed the IFSPs with the children's parents.
 - (3) ISDs included the length, duration, frequency, location, and/or intensity of the EI services in the IFSPs.
 - (4) ISDs completed the required six-month IFSP review.

- c. MDE developed an Essentials of Early On training for all ISDs to complete. We noted that the training content addressed each of the deficiencies noted in our prior audit finding. In addition, we verified that ISD personnel from the 4 ISDs with sampled records completed the training.

FOLLOW-UP METHODOLOGY AND PERIOD

METHODOLOGY

During our follow-up, we:

- Interviewed MDE personnel and reviewed MDE's corrective action plans to determine the status of compliance with the recommendations related to the material conditions.
- Assessed MDE's efforts to obtain additional funding for EI services.
- Reviewed MDE's IFSP guidance, personnel standards, and the content of Early On training provided to the ISDs.
- Evaluated MDE's efforts to monitor ISDs for compliance with federal requirements by:
 - Reviewing MDE's on-site child record review tool.
 - Randomly selecting 8 of the 20 children's records reviewed by MDE during its May 2016 on-site monitoring visits to 4 ISDs to verify that the ISD records supported MDE's completed child record review tool for each child.
- Verified that each of the individual ISD personnel identified within the 8 MDE child record reviews we examined complied with MDE's Early On training requirements.

PERIOD

Our follow-up generally covered March 2014 through September 2016.

GLOSSARY OF ABBREVIATIONS AND TERMS

agency plan to comply	The response required by Section 18.1462 of the <i>Michigan Compiled Laws</i> and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100). The audited agency is required to develop a plan to comply with the Office of the Auditor General audit recommendations and submit the plan 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.
early intervention (EI) services	Services designed to meet the developmental needs of a child with a disability and the needs of the family to assist appropriately in the child's development.
individualized family service plan (IFSP)	A written plan of action defining the EI services to be provided to, and the goals to be achieved by, a child and a family participating in Early On. The development of the IFSP must include the child's parents and two or more individuals from separate disciplines or professions, with one of the individuals being the service coordinator.
intermediate school district (ISD)	An educational agency that helps oversee Early On and special education in local areas. In this report, regional educational service agencies are referred to as ISDs.
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.
MDE	Michigan Department of Education.
MMSE	Michigan Mandatory Special Education.
multidisciplinary	Involvement of two or more separate disciplines or professions, with respect to the evaluation of the child and assessments of the child and family, in the development of the child's IFSP for EI services.
observation	A commentary that highlights certain details or events that may be of interest to users of the report. An observation differs from an audit finding in that it may not include the attributes (condition,

effect, criteria, cause, and recommendation) that are presented in an audit finding.

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.

qualified personnel

Personnel who have met State-approved or recognized certification, licensing, registration, or other comparable requirements that apply to the areas in which the individuals are conducting evaluations or assessments or providing EI services.

