

Office of the Auditor General  
Performance Audit Report

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

Fiscal Year 2016

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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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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:**  
**331-0300-17**

**Released:**  
**June 2017**

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 2016, gross appropriations to the State's 15 public universities totaled \$1.4 billion. This audit was required by Section 18.1299(4) of the *Michigan Compiled Laws*.

Audit Objective			Conclusion
Objective: 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.

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**Doug A. Ringler, CPA, CIA**  
Auditor General

June 13, 2017

The Honorable Dave Hildenbrand, Chair  
Senate Appropriations Committee  
Michigan Senate  
State Capitol Building  
Lansing, Michigan

The Honorable Laura Cox, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol Building  
Lansing, Michigan

The Honorable Vincent Gregory, MVC  
Senate Appropriations Committee  
Michigan Senate  
Connie B. Binsfeld Building  
Lansing, Michigan

The Honorable Fred Durhal III, MVC  
House Appropriations Committee  
Michigan House of Representatives  
Anderson House Office Building  
Lansing, Michigan


Mr. Alton L. Pscholka, State Budget Director  
State Budget Office  
George W. Romney Building  
Lansing, Michigan

Dear Senators Hildenbrand and Gregory, Representatives Cox and Durhal, and Mr. Pscholka:

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 2016.

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



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# AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

# **PUBLIC UNIVERSITIES' REPORTING OF SELECTED HEIDI DATA**

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## **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 that 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 appropriations acts require the 15 public universities to submit to HEIDI specific 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.

## **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**

- Accuracy of the student credit hours, student academic levels, and student residency reported in fiscal year 2016 for 400 randomly selected students from 4 selected universities.
- Absence of unexpected and/or unexplained enrollment patterns within the HEIDI enrollment data for the 15 public universities reported for fiscal years 2014, 2015, and 2016.
- Accuracy of the critical degrees conferred in fiscal year 2016 for 40 randomly selected students from 4 selected universities.
- 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.

\* See glossary at end of report for definition.

## APPROPRIATIONS AND SELECTED HEIDI DATA DESCRIPTION

Fiscal year 2016 gross appropriations to the State's 15 public universities totaled \$1.4 billion, the total number of student credit hours generated was over 7.5 million, and the total number of fiscal year equated students enrolled for the fall 2015 semester was approximately 260,800. Gross appropriations for the 4 public universities selected for audit totaled \$616.4 million (43.4%), total student credit hours generated were 2.7 million (36.1%), and total fiscal year equated students enrolled in the fall 2015 semester were over 93,000 (35.7%) for fiscal year 2016.

University	Operations	Performance Funding	MSU AgBioResearch	MSU Extension	Gross Appropriations <sup>1</sup>	Student Credit Hours	Fiscal Year Equated Students
Central Michigan University	\$ 79,164,800	\$ 1,739,600			\$ 80,904,400	611,049	20,804
Eastern Michigan University	71,782,500	1,052,800 <sup>3</sup>			72,835,300	499,480	17,226
Ferris State University	49,119,100	1,108,700			50,227,800	357,269	12,127
Grand Valley State University	63,156,500	1,878,700			65,035,200	664,492	22,705
Lake Superior State University	12,997,500	186,100			13,183,600	59,235	1,976
Michigan State University <sup>2</sup>	264,437,900	3,841,000	\$32,508,300	\$27,994,800	328,782,000	1,358,639	46,284
Michigan Technological University <sup>2</sup>	45,938,000	724,000			46,662,000	191,372	6,728
Northern Michigan University	44,338,300	682,100			45,020,400	218,855	7,383
Oakland University <sup>2</sup>	48,371,900	1,228,400 <sup>3</sup>			49,600,300	537,419	17,841
Saginaw Valley State University	27,621,600	496,100			28,117,700	245,601	8,321
University of Michigan - Ann Arbor	295,178,500	4,252,100			299,430,600	1,214,894	43,693
University of Michigan - Dearborn	23,701,000	294,400			23,995,400	193,088	6,782
University of Michigan - Flint	21,359,600	404,100			21,763,700	186,807	6,696
Wayne State University <sup>2</sup>	190,529,900	816,800			191,346,700	638,238	22,344
Western Michigan University	102,761,100	1,394,500			104,155,600	571,635	19,907
	<u>\$ 1,340,458,200</u>	<u>\$ 20,099,400</u>	<u>\$32,508,300</u>	<u>\$27,994,800</u>	<u>\$ 1,421,060,700</u>	<u>7,548,073</u>	<u>260,817</u>

<sup>1</sup>The gross appropriations reported for each university included only the amount specifically appropriated to the university under Public Act 85 of 2015.

<sup>2</sup>These 4 universities were selected for audit for fiscal year 2016.

<sup>3</sup>Eastern Michigan University's and Oakland University's performance funding appropriations of \$1,052,800 and \$1,228,400, respectively, were redistributed to the other 13 universities in accordance with the tuition restraint requirement of Section 265a(2) under Public Act 85 of 2015. According to Public Act 85 of 2015, public universities' receipt of performance funding is conditioned on compliance with four requirements, including restraining resident undergraduate tuition and mandatory fee increases to 3.2% or less, compared with fiscal year 2015. For fiscal year 2016, Eastern Michigan University and Oakland University increased tuition/fees by 7.78% and 8.48%, respectively.

## AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

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### AUDIT SCOPE

To review HEIDI enrollment data for all 15 public universities and to audit selected HEIDI data for a sample of the universities for fiscal year 2016. 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 2016 (October 1, 2015 through September 30, 2016).

### METHODOLOGY

We conducted a preliminary survey of the requirements and activities related to public universities' reporting of HEIDI data to establish our audit objective and methodology. As part of our preliminary survey, we:

- Reviewed applicable sections of the *Michigan Compiled Laws*, the annual education appropriations act, and 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.
- Examined selected HFA university enrollment and funding reports compiled using HEIDI data.

### OBJECTIVE

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

To accomplish this objective, we:

- Considered each university's total student enrollment for fiscal year 2016 and our previous selection of universities for on-site reviews and judgmentally selected the following 4 public universities for auditing procedures, including on-site records examination:
  1. Michigan State University
  2. Michigan Technological University

\* See glossary at end of report for definition.

3. Oakland University
  4. Wayne State University
- Interviewed staff from the 4 universities to obtain an understanding of each school's activities related to HEIDI data reporting.
  - Conducted the following procedures for the 4 universities:
    - Randomly selected 400 students (100 from each school) 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 transcript.
      - 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 with 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 6,282 critical degrees conferred as reported to SBO by the 4 selected universities with the universities' source data records. In addition, we validated the type and conferment date of critical degrees to the student's transcript for 40 randomly selected students from the 4 universities.
  - Performed analytical review procedures on HEIDI enrollment data for all 15 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.

We selected our random samples to enable us to project the results to the respective sampled university's population.

**CONCLUSIONS**

We base our conclusions on our audit efforts and any resulting material conditions\* or reportable conditions\*.

**AGENCY  
RESPONSES**

Not applicable.

**PRIOR AUDIT  
FOLLOW-UP**

Our prior performance audit of State public universities' reporting of selected HEIDI data, issued in June 2016, contained no findings.

\* See glossary at end of report for definition.

## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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<b>HEIDI</b>	Higher Education Institutional Data Inventory.
<b>HEIDI User Manual</b>	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.
<b>HFA</b>	House Fiscal Agency.
<b>material condition</b>	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.
<b>performance audit</b>	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.
<b>reportable condition</b>	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.
<b>SBO</b>	State Budget Office.













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