

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 2017

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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:**  
**331-0300-18**

**Released:**  
**June 2018**

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 2017, gross appropriations to the State's 15 public universities totaled \$1.46 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 7, 2018

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. John J. Walsh, State Budget Director  
State Budget Office  
George W. Romney Building  
Lansing, Michigan

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

This is our performance audit report on State Public Universities' Reporting of Selected Higher Education Institutional Data Inventory (HEIDI) Data for fiscal year 2017.

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; degrees conferred; 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 2017 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 2015, 2016, and 2017.
- Accuracy of the critical degrees conferred in fiscal year 2017 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 (SFA), 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 2017 gross appropriations to the State's 15 public universities totaled \$1.46 billion, the total number of student credit hours generated was nearly 7.5 million, and the total number of fiscal year equated students enrolled for the fall 2016 semester was approximately 259,700. Gross appropriations for the 4 public universities selected for audit totaled \$513.1 million (35.1%), total student credit hours generated were 2.9 million (38.1%), and total fiscal year equated students enrolled in the fall 2016 semester were over 100,000 (38.7%) for fiscal year 2017.

University	Operations	Performance Funding	MSU AgBioResearch	MSU Extension	Gross Appropriations <sup>1</sup>	Student Credit Hours	Fiscal Year Equated Students
Central Michigan University <sup>2</sup>	\$ 81,127,100	\$ 2,798,400			\$ 83,925,500	597,417	20,203
Eastern Michigan University <sup>3</sup>	71,782,500	1,811,300			73,593,800	485,345	16,725
Ferris State University <sup>2</sup>	50,369,800	1,890,100			52,259,900	343,079	11,637
Grand Valley State University <sup>2</sup>	65,275,700	2,952,200			68,227,900	669,566	22,871
Lake Superior State University	13,207,400	360,000			13,567,400	51,273	1,930
Michigan State University	268,770,700	7,091,400	\$ 33,243,100	\$28,672,600	337,777,800	1,351,133	45,947
Michigan Technological University	46,754,700	1,342,800			48,097,500	188,906	6,651
Northern Michigan University	45,107,700	1,171,500			46,279,200	204,424	6,891
Oakland University <sup>3</sup>	48,371,900	1,548,800			49,920,700	538,629	17,864
Saginaw Valley State University	28,181,200	932,800			29,114,000	233,497	7,895
University of Michigan - Ann Arbor <sup>2</sup>	299,975,000	8,664,000			308,639,000	1,248,869	45,735
University of Michigan - Dearborn	24,033,100	770,200			24,803,300	200,580	6,904
University of Michigan - Flint	21,815,400	733,900			22,549,300	179,435	6,440
Wayne State University	191,451,300	4,613,200			196,064,500	643,513	22,510
Western Michigan University	104,334,100	3,106,800			107,440,900	560,077	19,508
	<u>\$1,360,557,600</u>	<u>\$39,787,400</u>	<u>\$ 33,243,100</u>	<u>\$28,672,600</u>	<u>\$1,462,260,700</u>	<u>7,495,743</u>	<u>259,711</u>

<sup>1</sup>The gross appropriations reported for each university included only the amount specifically appropriated to the university under Public Act 249 of 2016.

<sup>2</sup>These 4 universities were selected for audit for fiscal year 2017.

<sup>3</sup>Eastern Michigan University's and Oakland University's performance funding was reduced by \$400,000 for each university because the two universities exceeded the fiscal year 2016 tuition increase restraint cap of 3.2% established by Public Act 85 of 2015. The \$800,000 was equally divided among the universities that remained below fiscal year 2011 funding levels: Michigan State University, University of Michigan - Ann Arbor, Wayne State University, and Western Michigan University.

## 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 2017. 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 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.

### PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, and quality assurance, covered the fiscal year 2017 HEIDI reporting period for universities (which is generally the July 1, 2016 through June 30, 2017 university fiscal year).

### 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. During 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, SFA, and HFA staff to obtain an understanding of their activities related to the collection, use, and management of HEIDI data.
- Reviewed selected SFA and 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 2017 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. Central Michigan University
  2. Ferris State University

\*See glossary at end of report for definition.

3. Grand Valley State University
  4. University of Michigan - Ann Arbor
- 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 7,239 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 students' transcripts for 40 randomly selected students from the 4 universities.
  - Performed analytical review procedures on HEIDI enrollment and tuition data for all 15 universities to

identify and analyze enrollment and tuition trends for each university and to help determine the reasonableness of the HEIDI enrollment and tuition data that the universities reported.

- Performed analytical review of high school enrollment in the State of Michigan to help determine the reasonableness of declining enrollment in Michigan's public universities.

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 2017, 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>MVC</b>	Minority Vice Chair.
<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.
<b>SFA</b>	Senate Fiscal Agency.











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