

Office of the Auditor General
Preliminary Survey Summary

Section 31a Program for At-Risk Pupils
Michigan Department of Education

November 2020

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.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

November 17, 2020

Dr. Michael F. Rice
Chair, ex officio, State Board of Education
Superintendent of Public Instruction
Michigan Department of Education
John A. Hannah Building
Lansing, Michigan

Dear Dr. Rice:

This is our preliminary survey summary of the Section 31a Program for At-Risk Pupils, Michigan Department of Education. Because we did not identify significant concerns that would warrant the additional use of our audit resources, we have decided to terminate this performance audit.

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

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, flowing style.

Doug Ringler
Auditor General

PRELIMINARY SURVEY SUMMARY

SECTION 31a PROGRAM FOR AT-RISK PUPILS

RESULTS

Our preliminary survey did not identify significant concerns that would warrant the additional use of our audit resources to complete a performance audit. Therefore, we have terminated this project and did not conduct sufficient testing to conclude on the overall effectiveness and efficiency of the Section 31a Program for At-Risk Pupils.

FACTORS IMPACTING AUDIT TERMINATION

- The Michigan Department of Education (MDE) properly calculated Program fund allocations for school districts and public school academies (PSAs) in compliance with the formula specified in State law for the 6 Statewide monthly Program allocation calculations that we reviewed.
- Based on our analytical review of 30 selected school districts and PSAs and on-site record reviews at 5, Program funds were used for only allowable costs under State law, with minimal exceptions.
- State law broadly defines an at-risk pupil; therefore, the risk that school districts and PSAs provide instruction and services to an ineligible pupil is significantly reduced.
- Effective September 30, 2019, legislation was enacted that eliminated the requirement for school districts and PSAs to demonstrate that at-risk pupils are meeting certain English language arts and mathematics proficiency and growth benchmarks to avoid redirection of Program funds.

BACKGROUND

Description: Section 31a of the State School Aid Act provides funding to eligible districts and PSAs for instructional and pupil support services for students who meet the at-risk identification characteristics specified in legislation. Program funds are limited to instructional services and noninstructional services for the purpose of ensuring that pupils are proficient in English language arts by grade 3 and mathematics by grade 8, are attending school regularly, and are career and college ready by high school graduation. Program funds may not be used for administrative costs.

Expenditures: In fiscal year 2019, MDE made \$527.1 million in Program payments to school districts and PSAs and incurred administrative expenditures related to the Program totaling approximately \$700,000.

Employees: As of July 2020, MDE had one full-time employee and three part-time employees who worked on the Program. Other MDE employees also had responsibilities affecting the Program but were not dedicated to the Program,

such as State Aid and School Finance Unit employees who were responsible for funding allocations.

SCOPE

Our preliminary survey generally covered July 1, 2017 through June 30, 2019 and included a limited review of MDE's Program funding allocation and monitoring processes.

PURPOSE

Within a performance audit, we design the preliminary survey to obtain an understanding of the core activities within an entity or a program and to identify potential program improvements and/or deficiencies that could impair management's ability to conduct its operations in an effective and efficient manner. If the results of a preliminary survey do not identify significant concerns, our practice is to terminate the planned performance audit.

Preliminary survey procedures are limited in nature and should not be considered a completed performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our preliminary survey procedures would not necessarily disclose the presence or absence of any material conditions and/or reportable conditions. Given that the procedures we employed did not constitute a performance audit, we will not issue a performance audit report and we do not express conclusions regarding the effectiveness or efficiency of the Section 31a Program for At-Risk Pupils.



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