



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
DIRECTOR

September 28, 2021

Mr. Rick Lowe, Chief Internal Auditor
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 S. Capitol Avenue, 6th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with State of Michigan, Financial Management Guide, Part VII, please see our draft final response and corrective action plans to address recommendations contained in the Performance Audit of the Adult Education Program, Michigan Department of Labor and Economic Opportunity covering the period July 1, 2015 through September 30, 2018.

Should you have any questions regarding the attached information, please contact me directly at (517) 231-1720 or at WilliamsA6@michigan.gov.

Respectfully,

Allen Williams

Allen Williams
LEO Chief Internal Control Officer

cc: Audit Distribution List

Michigan Department of Labor and Economic Opportunity
Workforce Development
Performance Audit of the Adult Education Program
Summary of Agency Responses to Recommendations
Audit Period: July 1, 2015 through September 30, 2018

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Michigan Department of Labor and Economic Opportunity
Workforce Development
Performance Audit of the Adult Education Program
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- I. Audit recommendations the agency complied with:
 - Finding 1 – Estimated date of compliance was March 31, 2021.
 - Finding 2 – Estimated date of compliance was June 30, 2021.
 - Finding 3 - Estimated date of compliance was March 31, 2021.

- II. Audit recommendations the agency agrees with and will comply:
 - None

- III. Audit recommendations the agency disagrees with:
 - None.

Michigan Department of Labor and Economic Opportunity
Workforce Development
Performance Audit of the Adult Education Program
Final Agency Response

Finding #1 - *We recommend that Adult Education enhance its provider monitoring process.*

Final Agency Response

We agree. The Office of Adult Education has begun to enhance its provider monitoring by conducting on-site and/or virtual monitoring of providers; utilizing a risk assessment tool to determine which providers to monitor; and increasing the amount of documentation requested during desk reviews. In addition, the Office has begun updating policies and procedures to ensure compliance with 2 CFR 200.431(c) related to the allocation of salaries and benefits. Specifically, the Office is taking the following actions to address cited deficiencies:

Planned Corrective Action for Part a: During on-site and virtual compliance and monitoring visits, the monitoring team will review the general ledgers for each funding source received to ensure funds are tracked separately.

Planned Corrective Action for Part b: During on-site and virtual compliance and monitoring visits, the general ledgers will be compared to the final expenditure reports to ensure the accuracy of the expenditure reports submitted.

Planned Corrective Action for Part c: During on-site and virtual compliance and monitoring visits, the monitoring team will review a selected sample of transactions and compare to source documents and the approved budget to ensure only reasonable, necessary, and allowable expenditures are charged to the program.

Our estimated date of full implementation is March 31, 2021.

Finding #2 - *We recommend that AE perform sufficient monitoring of its providers to help ensure students' success in AEP.*

Final Agency Response

We agree. The Office of Adult Education has reviewed local policies and source documentation during on-site and virtual monitoring of local providers to validate the data entered by the local provider in the Michigan Adult Education Reporting System (MAERS), including but not limited to:

- Teacher certification records
- Local assessment policies
- Participant intake forms
- Assessment tests (pre and post-tests)
- Attendance hour records
- Student's age

Specifically, we have taken or begun the following actions to address cited deficiencies:

Planned Corrective Action for Part a: The Office of Adult Education will continue and expand training for local program staff on adult education policies, including assessment testing and MAERS data entry. Starting in August 2020, the Office began holding monthly calls with the adult education providers to discuss important updates, including policy updates. Further, in September 2020, we began holding monthly training opportunities for new adult education directors covering a variety of topics, including assessment testing and MAERS data entry. Finally, we are enhancing the training opportunities available to adult education administrators and staff with the launch of our new learning management system in December 2020.

During on-site and virtual compliance and monitoring visits, the monitoring team will review the source documents, such as attendance records and assessment tests, to validate the data entered in MAERS.

Planned Corrective Action for Part b: The Office of Adult Education will continue to work with the Michigan Department of Education, Professional Educator Certification and Services unit, which oversees teacher certification requirements and permits and notifies our office if an individual is not certified or working under a valid permit. For adult education providers that are not school districts, the monitoring team will review teacher certification records during on-site and virtual monitoring and compliance visits.

Our estimated date of full implementation is June 30, 2021.

Finding #3 - *We recommend that AE accurately identify eligible providers.*

We also recommend that AE improve its monitoring of fiscal agents.

Final Agency Response

We agree with both recommendations. The Office of Adult Education is updating its policies and procedures to ensure that the process of identifying eligible providers is accurate and complete. The Office will continue to work with the Michigan Department of Education to

timely identify updates to the Michigan Compiled Laws that impact adult education providers and services.

The Office of Adult Education will conduct on-site and/or virtual monitoring of the Section 107 fiscal agents on a three-year cycle. The on-site and/or virtual reviews will consist of the provider solicitation and selection process, determination of provider funding allocations, and the fiscal agent's general oversight of the regional providers.

The Office has begun taking the following specific actions to address cited deficiencies:

Planned Corrective Action for Part a: During the on-site and/or virtual compliance and monitoring visits, the monitoring team will review the fiscal agent's procurement process including, but not limited to: the request for proposal (RFP), the RFP announcement, the solicitation list of local educational agencies notified, and the selection criteria and scoring weights.

Planned Corrective Action for Part b: During the on-site and/or virtual compliance and monitoring visits, the monitoring team will review documentation on the process used to distribute funding to the selected regional providers to ensure compliance with the approved allocation methodology.

Planned Corrective Action for Part c: During the on-site and/or virtual compliance and monitoring visits, the monitoring team will review the process and documentation related to the fiscal agent's oversight and monitoring of the regional providers.

Our estimated date of full implementation is March 31, 2021.