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Office of the Auditor General

Report Summary

Performance Audit

School Services Program (SSP)

Michigan Department of Health and Human Services (MDHHS)

Report Number:
391-0741-25

Released:
March 2026

SSP is administered by MDHHS and provides reimbursement to intermediate school districts (ISDs) for covered services provided to children in schools, including, but not limited to: speech, language, and hearing therapy; occupational and physical therapy; nursing; psychological, counseling, and social work; personal care; and orientation and mobility. MDHHS contracts with Public Consulting Group to administer sample-based random moment time studies (RMTSs) to schools to determine the portion of school staff costs attributable to SSP eligible services. During school years 2023-24 and 2024-25, payments to ISDs totaled approximately \$172 million and \$209 million, respectively.

Audit Objective			Conclusion
Objective 1: To assess the sufficiency of MDHHS's efforts to monitor ISDs' compliance with SSP requirements.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS delegated its credential review process to Michigan Department of Education, who had a backlog of quarterly reviews dating back to late 2020. Further, MDHHS did not take any remedial action when ISD staff were found to be without appropriate credentials, leaving the process to hold little or no value (Finding 1).	X		Agrees
MDHHS was unable to provide evidence it had, at any time, interagency agreements in place with ISDs to clearly define each party's roles and responsibilities for SSP (Finding 2).		X	Agrees
MDHHS did not obtain and review ISDs' SSP quality assurance plans, as required. Such reviews, coupled with procedures to verify ISDs' quality measures have been implemented, would increase the department's ongoing and real-time monitoring efforts to help ensure ISDs meet program requirements (Finding 3).		X	Agrees

Audit Objective			Conclusion
Objective 2: To assess the sufficiency of MDHHS's efforts to monitor the SSP contractor's administration of the RMTS process.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
<p>We noted deficiencies in MDHHS's performance of all four mechanisms for monitoring the contractor's administration of the RMTS process, such as the lack of:</p> <ul style="list-style-type: none"> Monitoring the contractor's RMTS sampling methodology, sampled moments, and time study results. Evidence MDHHS completed its quarterly validation of the contractor's coding of RMTS questionnaire responses, which indicate whether the activity is SSP reimbursable or not. Monitoring activities regarding the contractor's training of central coding staff employed by the contractor and training provided by the contractor to ISD SSP coordinators (<u>Finding 4</u>). 	X		Agrees
<p>MDHHS did not ensure the contractor submitted invoices on a routine basis, resulting in the contractor submitting invoices for 9 months of service within an 11-day period in June 2024. Also, MDHHS did not receive any itemized invoices from its contractor detailing services provided, and instead, approved payment for invoices containing quarterly lump sum amounts equal to one-fourth of the annual contract value (<u>Finding 5</u>).</p>		X	Agrees
<p>MDHHS did not evaluate the System and Organization Controls (SOC) 1, type 2 reports received from its contractor and did not obtain the SOC 2, type 2 reports required by the contract to assist in monitoring the operating effectiveness of the contractor's controls and security of SSP data (<u>Finding 6</u>).</p>		X	Agrees

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