

Office of the Auditor General

Performance Audit Report

Support for Low Performing Schools

Office of Partnership Districts
Michigan Department of Education

September 2026

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

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.



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Report Summary

Performance Audit

Support for Low Performing Schools

Office of Partnership Districts (OPD) Michigan Department of Education (MDE)

Report Number:
313-0201-26

Released:
September 2026

OPD's mission is to provide research-based support to the State's lowest performing schools and districts to reduce barriers and identify appropriate resources to help expedite academic achievement for all students in the districts. From school years 2022-2023 through 2024-2025, MDE entered into partnership agreements to provide support for 99 schools in 45 districts. During this time, OPD disbursed \$42.4 million in Section 21(h) partnership district model grants and distributed it among the partnership districts, primarily for staff retention incentives, increased instruction time, professional development, and teacher mentors. OPD was appropriated \$3.6 million in fiscal year 2025 for 13 full-time employees.

Audit Objective			Conclusion
Objective 1: To assess the sufficiency of selected OPD efforts to support partnership districts with identified low performing schools in improving student achievement.			Sufficient, with exceptions
Findings Related to This Audit Objective	<u>Material Condition</u>	<u>Reportable Condition</u>	Agency Preliminary Response
Partnership agreement liaisons (PALs) did not document 43% of required progress meetings with partnership districts or all required information in 35% of documented meeting highlights. In addition, the meetings did not always occur within established time frames, and PALs did not communicate meeting minutes to district stakeholders for more than half of the meetings (<u>Finding 1</u>).		X	Agrees
Our audit of travel expenses noted OPD overpaid staff by 30% for delayed and erroneous reimbursement requests. The reimbursements included duplicate meal expenses, ineligible meals and mileage, and incorrect reimbursement rates and coding (<u>Finding 2</u>).		X	Agrees

Audit Objective			Conclusion
Objective 2: To assess the sufficiency of OPD's monitoring of partnership districts' use of Section 21(h) grant funds to improve student achievement in low performing schools.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
OPD did not conduct required annual fiscal risk assessments or review any evidence to support expenditures related to \$42.4 million in grant awards to the 45 districts with partnership agreements (<u>Finding 3</u>).	X		Agrees

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Doug A. Ringler, CPA, CIA
Auditor General

September 30, 2026

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

Dr. Maleyko:

This is our performance audit report on Support for Low Performing Schools, Office of Partnership Districts, Michigan Department of Education.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* require an audited agency to develop a plan to comply with the recommendations and submit it to the State Budget Office (SBO) upon audit completion. State administrative procedures require the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to the Office of Internal Audit Services (OIAS), SBO. Within 30 days of receipt, OIAS will either accept the plan as final or contact the agency to take additional steps to finalize the plan.

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

OPD's SUPPORT FOR LOW PERFORMING SCHOOLS

BACKGROUND

The Michigan Department of Education (MDE) embarked on its partnership district* model in 2017 to provide targeted support for school districts* with low-performing schools. This was in alignment with federal requirements under the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the Every Student Succeeds Act (ESSA) passed in 2015.

The Superintendent of Public Instruction assigns school districts with at least one school identified for comprehensive support and improvement* (CSI) to participate in 3-year partnership agreements*. School districts identified for CSI are in the bottom 5% academically based on Michigan School Index* scoring, have a 4-year graduation rate of 67% or less, or the district failed to meet exit criteria of a previously assigned partnership district agreement.

From March 2017 through December 2022 MDE assigned 35 school districts and 123 schools to participate in three separate rounds of partnership districts and assigned 45 school districts and 99 schools to participate in a fourth round from November 2022 through December 2025. MDE assigned 58 school districts and 137 schools for round 5 in November 2025.

MDE's Office of Partnership Districts (OPD) is required to assist school districts in creating and executing the partnership agreements within 90 days of assignment. OPD's partnership agreement liaisons (PALs) serve as the official primary point of contact with the assigned partnership districts. PALs' responsibilities include assisting districts with the development of goals and strategies for inclusion in the agreements, attending and documenting all required progress meetings with the districts, and sharing progress meeting highlights with stakeholders. PALs work with several partnership districts and travel regularly between them to be aware of the progress of district priorities and the most pressing issues and needs for accelerating turnaround efforts, to keep the districts focused on the partnership agreement goals, and to support them in their efforts. School districts report their progress to OPD after 18 months and 36 months from the date of the agreements.

MDE has contracted with Michigan State University's (MSU's) Education Policy Innovation Collaborative (EPIC) since 2018 to conduct research and determine the overall effectiveness* of the partnership district model.

AUDIT OBJECTIVE

To assess the sufficiency of selected OPD efforts to support partnership districts with identified low performing schools in improving student achievement.

* See glossary at end of report for definition.

CONCLUSION

Sufficient, with exceptions.

FACTORS IMPACTING CONCLUSION

- OPD executed all round 4 Partnership District Agreements within 90 days of assignment.
- OPD reviewed partnership districts' 18-month Benchmark Assessments in a timely manner, shared feedback with the districts, and documented agreed-upon next steps toward goal attainment.
- 35 (35%) of 99 round 4 schools exited their partnership agreements with MDE due to improved proficiency rates in math and English language arts (ELA) and/or increasing the district's graduation rate above 67%.
- In its December 2024 report, MSU's EPIC study concluded OPD support benefited partnership districts.
- Reportable conditions* related to documenting and communicating progress meeting highlights and employee travel expense reimbursements (Findings 1 and 2).

* See glossary at end of report for definition.

FINDING 1

Improvement needed with documenting and communicating progress meeting highlights.

OPD did not ensure partnership agreement liaisons (PALs) properly documented meeting highlights for all required progress meetings with partnership districts or shared highlights with district stakeholders.

The OPD Comprehensive Guide for Partnership Districts (guide) requires PALs, partnership districts, and district stakeholders meet either once or twice each month, or every other month, throughout the course of the agreement period depending on the level of support identified in the agreement. OPD determines the level of support for each partnership district in consideration of several factors, including whether a district exited a previous partnership agreement, the number of schools in a district with an overall Michigan School Index score in the bottom 5% of all schools Statewide, and 4-year graduation rates less than 67%.

OPD Standard Operating Procedure (SOP) #6 requires PALs to attend and record the meeting highlights and share the highlights with the relevant stakeholders within 5 business days of the meeting. Required meeting highlights include attendance; progress toward goals, interim target benchmarks, end target outcomes, and adjustments to strategy* implementation; review of State School Aid Act Section 21(h)* grant funding utilization and modifications; and next steps and/or action items.

We selected a random sample of 10 partnership districts in the round 4 agreement cycle and determined 351 progress meetings should have occurred. We reviewed available meeting highlights to determine whether PALs documented all meetings, the meetings appeared to be timely, and whether PALs recorded required information. In addition, we randomly selected 45 meeting highlights to determine whether PALs shared the information with district stakeholders. We determined:

- a. PALs did not document progress meeting highlights for 151 (43%) of the required meetings. On average, the sampled districts had 36% fewer documented progress meetings than required in their individual partnership agreements. The average time between districts' documented meetings ranged between 1 and 4 months, which indicated the undocumented meetings were not always in consecutive months. However, one district required to meet monthly had a 13-month gap between documented meetings.
- b. PALs did not document all required information in the meeting highlights for 69 (35%) of the 200 available meeting highlights we reviewed. Missing requirements included recording of attendance, Section 21(h) funding utilization, progress since the prior meeting, and subsequent agreed upon actions.

* See glossary at end of report for definition.

- c. PALs did not communicate 24 (53%) of the 45 meeting highlights we reviewed to district stakeholders.

OPD's internal control* was not sufficient to ensure PALs documented these important support activities. Periodic meetings are an important component of the support structure for the partnership districts to improve student achievement and outcomes. Meeting highlights are important for documenting meeting occurrences, strategies implemented, barriers and resources for goal achievement, and further efforts necessary for district completion and release from its partnership agreement. In addition, the highlights would help facilitate OPD's centralized monitoring of the support provided to partnership districts. The communication of highlights ensures transparency of efforts taken and clarification of any further agreed upon partnership district stakeholder's efforts.

RECOMMENDATION

We recommend OPD ensure PALs properly document meeting highlights for all required progress meetings with partnership districts and share them with district stakeholders.

AGENCY PRELIMINARY RESPONSE

MDE-OPD provided us with the following response:

Management Views: MDE agrees.

Corrective Action Plan:

OPD has implemented corrective actions to ensure PALs properly document all required progress meetings and communicate meeting highlights to district stakeholders in accordance with established policy and guidance.

Corrective Actions Implemented:

1. Standardized Progress Meeting Highlights Template

OPD has developed and implemented a standardized template aligned with the OPD Comprehensive Guide and SOP #6. The template requires documentation of:

- Meeting date and type*
- Attendance*
- Progress toward goals, interim benchmarks, and end targets*
- Strategy implementation updates*
- Section 21(h) grant utilization*
- Identified barriers and needed supports*
- Next steps, action items, responsible parties, and timelines*
- Distribution date to district stakeholders*

Completion of all fields is mandatory. The template has been distributed to all PALs, who have received training and written guidance. Supervisors review each submission for completeness.

* See glossary at end of report for definition.

2. Formal Monitoring and Compliance Protocol

OPD has implemented a monitoring protocol to ensure consistent adherence to documentation and communication requirements.

A. Review Frequency

- Monthly supervisory reviews
- Quarterly centralized compliance reviews
- Semi-annual internal quality assurance reviews

B. Meeting Frequency Monitoring

A tracking log aligns required meeting frequency with documented meetings and flags missed meetings, timing gaps, or extended intervals.

C. Quality Assurance Review

Each submission is reviewed to confirm all required elements are included. Incomplete submissions are returned for correction within a set timeframe.

D. Distribution Monitoring

- PALs must distribute meeting highlights within five business days
- Distribution dates must be documented
- Supervisors verify completion
- Quarterly random audits of stakeholder notifications will be conducted

3. Clarification of Roles and Expectations

OPD has reinforced expectations through updated guidance, required acknowledgment of standards, integration of compliance expectations into performance monitoring, and escalation procedures for repeated non-compliance.

4. Centralized Recordkeeping System

A centralized repository has been implemented to support supervisory review, facilitate monitoring, ensure audit readiness, and maintain historical records.

Anticipated compliance date:

Implementation Timeline:

- Template finalized and distributed: December 2025
- PAL training completed: December 2025
- Monitoring protocol implemented: January 2026
- Centralized tracking system operational: January 2026
- All corrective actions are fully implemented February 2026

OPD remains committed to continuous improvement and recognizes that timely meetings and accurate documentation are essential for monitoring district progress, ensuring transparency, supporting student outcomes, and facilitating release from partnership agreements. OPD will continue periodic internal reviews to ensure sustained compliance.

Responsible Individual: Dr. Yvonne Dixon, Director, Office of Partnership Districts

FINDING 2

Internal control improvement needed for PAL travel expense reimbursements.

OPD needs to improve its internal control over PAL travel expense reimbursements.

State of Michigan Standardized Travel Regulations require all travel for official business be planned using the most practical, cost-effective means. The regulations allow travel to start or end at an employee's home or remote work location, but mileage reimbursement to a field assignment cannot exceed the reimbursement available if the travel had started and ended at the employee's official work location. The regulations prohibit reimbursement for commuting between the employee's home and their official work location. In addition, the regulations establish maximum reimbursement rates for select and non-select cities and identify the select cities. The State of Michigan Financial Management Guide (FMG) (Part IV, Chapter 6, Section 300) specifies when reimbursements are taxable.

In accordance with IRS requirements, MDE's internal travel regulations and employee reimbursement policy advise staff all reimbursement requests submitted 60 days after the employee incurs the expense will be reimbursed as taxable income. OPD staff periodically submit their travel expenses in the Statewide Integrated Governmental Management Applications* (SIGMA) for reimbursement. MDE's internal travel regulations and the FMG (Part IV, Chapter 7, Section 600) require staff to accurately submit all travel expenses in the fiscal year incurred, or an account payable must be recorded to charge costs to the correct fiscal year. MDE requires supervisory and MDE accounting approval of the reimbursement requests prior to issuance.

OPD's efforts to support partnership districts include regular travel to meet with district staff and stakeholders. Between October 1, 2022 and November 30, 2025, 13 OPD staff submitted 331 travel reimbursement requests totaling \$50,536 for meals, mileage, lodging, and out-of-state expenses. These requests typically covered multiple travel expenses over multiple days. We judgmentally selected the 5 highest dollar reimbursements and 12 additional reimbursements, totaling \$10,198 for 6 employees, and reviewed information the employees submitted to support their reimbursements.

We identified actual or potential overpayments of approximately \$3,011 (30%) to 5 of the 6 employees:

- a. OPD did not require timely submission of travel reimbursement requests. OPD allowed 3 (50%) staff in our sample to submit requests at the end of the fiscal year that appeared to cover travel for the entire year.

We reviewed all travel reimbursements for one of these employees and identified a potential overpayment of \$1,278 (43%) of \$2,971 for unsupported mileage for

* See glossary at end of report for definition.

6,752 miles purportedly traveled throughout the year. We identified errors including mileage for 75 commutes to and from various locations, totaling 2,904 miles, in which it appeared the employee recorded only two travel dates in SIGMA. Several of the recorded commutes appeared to be repeat entries for commutes to and from the same locations, for identical mileage, on the same dates.

- b. OPD overpaid \$1,028 to 5 employees who improperly applied the State's premium mileage rate instead of the standard rate for 128 trips totaling 4,536 miles. Prior to MDE correcting it on January 13, 2025, MDE's travel policy erroneously allowed mileage reimbursement at the premium rate if travel was less than 99 miles in one day. DTMB's standardized travel regulations only allow the premium mileage rate if an employee uses their privately owned vehicle for State business because a State-provided motor vehicle is not available.
- c. OPD overpaid 3 employees \$436 on 5 mileage reimbursements for 28 field assignment commutes. The employees started and ended these trips at their homes and recorded an extra 658 miles, because they did not claim the shorter distance between their homes and the field assignment locations versus their official work locations and the field assignment locations.
- d. OPD overpaid 2 employees \$71 for duplicate meals for 6 travel dates.
- e. OPD improperly paid an employee \$148 on 5 reimbursements for 39 separate commutes from their home to their official work location.
- f. OPD overpaid an employee \$40 in one reimbursement after the employee included duplicate and erroneous one-way return commutes totaling 90 miles for field assignments on 2 separate dates of travel.
- g. OPD overpaid \$12 to 2 employees who incorrectly applied the select city reimbursement rates for 6 meals when they had not traveled to a select city.
- h. OPD incorrectly approved 3 employees' reimbursements totaling \$870 for mileage, meals, and lodging as non-taxable. These reimbursements should have been taxable because the requests occurred more than 60 days after incurring the expenses.
- i. OPD did not record the proper accounting entries for 2 reimbursements in which an OPD employee included 53 separate dates of travel totaling \$1,665 for 2,917 claimed miles occurring during the previous fiscal year.

OPD's internal control was not sufficient to ensure PALs accurately and promptly recorded travel expenses for reimbursement or to ensure supervisors performed effective reviews before approving the expenses. Improvement would increase MDE's assurance that it is consistently maximizing its limited resources to support partnership districts in improving student achievement. In addition, prompt submission of travel expenses helps ensure accuracy and compliance with IRS regulations, mitigates fraud risks, and helps facilitate meaningful supervisory review and approval.

RECOMMENDATIONS

We recommend OPD improve its internal control over PAL travel expense reimbursements.

We also recommend OPD perform a comprehensive assessment of travel expenses and consult the Office of Financial Management to determine whether it needs to retroactively adjust reimbursements or taxable income amounts for its employees.

AGENCY PRELIMINARY RESPONSE

MDE-OPD provided us with the following response:

Management Views: *MDE – OPD agrees with the finding.*

Corrective Action Plan:

OPD has strengthened its travel reimbursement process and created an internal office guideline for travel reimbursement. The guideline includes the following:

- 1. Established and reinforced timely expense/reimbursement submission requirements.*
- 2. Strengthened supervisory review.*
- 3. Improved mileage verification and reinforced requirements regarding mileage reimbursement.*
- 4. Reinforcement of appropriate mileage reimbursement rates.*
- 5. Strengthen review of meal expense reimbursement.*
- 6. Improved review of commuting expense claims.*
- 7. Reinforcement of taxable reimbursement requirements.*
- 8. Timeliness of reporting of travel expenses.*
- 9. Training and written guidance for employees and supervisors.*
- 10. Implementation of periodic travel reimbursement monitoring.*

Anticipate Compliance Date: *March 31, 2027*

Responsible Individual: *Dr. Yvonne Dixon, Director, Office of Partnership Districts*

OPD's MONITORING OF SECTION 21(h) GRANT FUNDS

AUDIT OBJECTIVE

To assess the sufficiency of OPD's monitoring of partnership districts' use of Section 21(h) grant funds to improve student achievement in low performing schools.

CONCLUSION

Not sufficient.

FACTORS IMPACTING CONCLUSION

- Material condition* related to OPD's fiscal oversight of Section 21(h) grant funded activities (Finding 3).
- OPD submitted required annual reports to the Legislature that included Section 21(h) grant funds distributed to impact student achievement and related activities reported by partnership districts.

* See glossary at end of report for definition.

FINDING 3

Improvement needed in fiscal oversight of Section 21(h) grant expenditures.

OPD needs to improve its fiscal oversight of partnership districts' expenditures of Section 21(h) grant funding. Improved oversight will help ensure partnership districts accurately report expenditures and help OPD assess the effectiveness of grant-funded activities.

Section 388.1621(h) of the *Michigan Compiled Laws (MCL)* requires partnership districts only use grant funds to pay district expenditures approved by the State superintendent to improve student achievement. Funds may be used to support attainment of benchmarks and outcomes identified in the district partnership agreements in alignment with one or more of the following categories: professional development, increased instructional time, teacher mentors, and other expenditures directly impacting student achievement and which cannot be paid from existing district financial resources.

OPD's guide indicates it will annually review fiscal and program implementation to assess the effectiveness of grant-funded activities. The guide also indicates the level of review is based on an internal annual risk assessment and may include a desk or onsite review of additional evidence maintained by the partnership districts to support their Section 21(h) expenditures. The risk assessments are based on an annual review of partnership districts' internal financial controls, award amounts, and use of previous Section 21(h) grant funding, known MDE or other financial audit findings, and other factors. Evidence of district expenditures may include detailed budget reports, listings of Section 21(h) personnel, time and attendance reports, purchase orders, contracts, invoices, and documentation to support requests for funds.

The guide further requires each partnership district to report to OPD twice per year its Implementation and Effectiveness* (I & E) worksheet which includes utilization of Section 21(h) grant funds, and, once per year, an accounting system report of budget to actual* expenditures. OPD SOP #14 requires OPD to annually review the budget to actual reports for accuracy and alignment to the I & E worksheets.

We reviewed OPD's efforts to conduct fiscal risk assessments and review expenditures related to \$42.4 million of Section 21(h) grant awards distributed to the 45 partnership districts with an agreement during the round 4 grant funding period. In addition, we selected a sample of 10 partnership districts to review support for randomly selected 21(h) grant expenditures reported to OPD. We determined:

- a. OPD did not conduct annual fiscal risk assessments. At the time of our review, OPD last performed a fiscal risk assessment of the partnership districts in 2022.

OPD last performed risk assessments of the partnership districts in 2022 and did not conduct on-site or desk reviews for the 45 partnership districts.

* See glossary at end of report for definition.

- b. OPD did not conduct on-site or desk reviews for any of the 45 (100%) partnership districts.
- c. Although OPD received budget to actual reports and I & E worksheets from the sampled partnership districts, it informed us it could not determine the accuracy of the reports or alignment with the I & E worksheets because of timing differences between when the districts generated these documents and a lack of sufficient detail within them to identify all Section 21(h) expenditures.
- d. One (10%) of our sampled partnership districts reported payroll expenses to help reduce class sizes within its district; however, the district could not provide documentation to support \$30,783 (8%) of the sampled expenditures it reported.

OPD informed us its fiscal oversight efforts had been limited because it prioritized its resources to support partnership districts' efforts to help expedite student academic achievement.

We consider this finding to be a material condition because the lack of oversight precluded OPD from effectively:

- Verifying whether the 45 partnership districts expended \$42.4 million in grant awards in accordance with their respective partnership agreements.
- Validating the accuracy of expenditures reported by the districts.
- Assessing the impact of grant funded activities in improving student achievement in the districts.

RECOMMENDATION

We recommend OPD improve its fiscal oversight of partnership districts' expenditures of Section 21(h) grant funding.

AGENCY PRELIMINARY RESPONSE

MDE-OPD provided us with the following response:

Management Views: *MDE-OPD agrees with the finding.*

Corrective Action Plan:

OPD will focus its corrective efforts on five key areas:

1. *Annual Risk Assessment*
2. *Risk-Based Monitoring*
3. *Fiscal Reconciliation*
4. *Supporting Documentation*
5. *Corrective Action and Follow-up*

OPD has formalized and documented an annual fiscal risk assessment of Section 21(h) which establishes standardized risk factors, scoring criteria, documentation requirements, review

responsibilities, and approval procedures. The annual assessment will be used to classify partnership districts for the applicable monitoring level. The assessment will be retained as part of OPD's Section 21(h) grant oversight records.

OPD will also establish minimum documentation standards for each monitoring level. This documentation will include evidence of the completed review, the procedures performed, exceptions identified, required corrective actions, and follow-up completed.

OPD will develop clear requirements for information provided by districts to strengthen the reporting and reconciliation process. Revised monitoring procedures and forms will provide a clear audit trail to demonstrate review of the Budget-to-Actual with the approved budget, Income & Expense Worksheet, and the supporting documentation.

Anticipated Compliance Date: March 31, 2027

Responsible Individual: Dr. Yvonne Dixon, Director, Office of Partnership Districts

DESCRIPTION

MDE's OPD is responsible for administering the partnership district model as outlined in *MCL* Section 388.1621(h). Section 388.1622(p) establishes partnership agreement requirements and districts' use of Section 21(h) grant funds. The partnership's purpose is to identify district needs, develop intervention plans, and partner with public, private, and nonprofit organizations to coordinate resources and improve student achievement.

OPD's mission is to help expedite the districts' academic achievement for all students by providing researched-based support to the state's lowest performing schools and districts, reducing barriers and identifying appropriate resources.

OPD was appropriated \$3.6 million in fiscal year 2025 for its 13 full-time equated employees.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine OPD's policies, procedures, and documentation related to its support for low performing schools. 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.

We directed our audit objectives and corresponding audit procedures toward concluding on OPD's role and operations related to supporting low performing schools. Our objectives and procedures did not include a review of the Michigan School Index accountability system that is used to identify schools for CSI.

As part of the audit, we considered the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, and quality assurance, generally covered October 1, 2022 through November 30, 2025.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of OPD's processes and internal control to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Examined applicable laws, administrative rules, MDE guidance documents, and OPD standard operating procedures.
- Interviewed OPD staff to gain an understanding of OPD's respective roles, responsibilities, and activities related to providing support for low performing schools including:
 - Development and implementation of partnership district agreements.
 - PAL activities and maintained documentation.
 - Evaluation of partnership districts' benchmarks and goal attainment.
 - Monitoring districts' use of Section 21(h) grant funds.

* See glossary at end of report for definition.

- Reviewed MDE's internal travel regulations, State of Michigan Standardized Travel Regulations, and the FMG.
- Analyzed OPD travel expenditure data from October 1, 2022 through September 30, 2025.

OBJECTIVE 1

To assess the sufficiency of selected OPD efforts to support partnership districts with identified low performing schools in improving student achievement.

To accomplish this objective, we:

- Determined if OPD executed all 45 of the 2023 through 2025 round 4 grant agreements within 90 days.
- Randomly sampled 10 of 45 partnership districts with an agreement during the round 4 grant funding period to determine whether:
 - OPD completed its review of districts' 18-month benchmark assessments in a timely manner.
 - OPD maintained meeting highlights for the 351 progress meetings required between May 2023 and November 2025 and the highlights included all required information for the 200 OPD was able to provide.
- For the same 10 districts we randomly sampled 45 of the 200 meeting highlights provided by OPD to determine whether the highlights were communicated to district stakeholders.
- Judgmentally selected 17 out of 331 travel reimbursement requests submitted by 13 OPD staff between October 1, 2022 and November 30, 2025 to determine the appropriateness and accuracy of the reimbursements.
- Reviewed MSU's EPIC reporting on the implementation of the partnership district model and on the outcomes for the round 4 agreement period.
- Identified schools that successfully exited their round 4 partnership agreements.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. We selected other samples judgmentally to ensure representativeness or based on risk and could not project those to the respective population.

OBJECTIVE 2

To assess the sufficiency of OPD's monitoring of partnership districts' use of Section 21(h) grant funds to improve student achievement in low performing schools.

To accomplish this objective, we:

- Reviewed OPD's criteria and procedures for conducting a fiscal risk assessment of partnership districts to identify partnership districts that may require a desk or onsite review.
- Randomly sampled 10 of 45 partnership districts with an agreement during the 2023 through 2025 round 4 grant funding period to determine whether:
 - The districts submitted Section 21(h) budget to actual reports and I & E worksheets for fiscal year 2025.
 - The districts submitted grant award applications in fiscal year 2025.
 - OPD accurately reported Section 21(h) grant award amounts annually to the legislature.
- For the same 10 districts we randomly sampled 25 of 129 line items of Section 21(h) grant expenditures reported on 10 randomly sampled partnership districts' I & E worksheets and requested support.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations.

CONCLUSIONS

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

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 3 findings and 4 corresponding recommendations. MDE's preliminary response indicates it agrees with all 4 recommendations.

The agency preliminary response following each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. *MCL* Section 18.1462 requires an audited agency to develop a plan to comply with the recommendations and submit it to SBO upon audit completion. The FMG (Part VII, Chapter 3, Section 100) requires the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to OIAS, SBO. Within 30 days of receipt, OIAS will either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

auditor's comments to agency preliminary response	Comments the OAG includes in an audit report to comply with <i>Government Auditing Standards</i> . Auditors are required to evaluate the validity of the audited entity's response when it is inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the response, they should explain in the report their reasons for disagreement.
budget to actual report	A report generated from a partnership district's accounting system that shows to date spending for all fiscal years the Section 21(h) funds were awarded with detailed financial elements including function codes, district identifier code(s), descriptions, budgeted values, and actual expenditures.
Comprehensive Support and Improvement (CSI)	A designation of additional support for schools among the lowest performing 5% Statewide or high schools with a 4-year graduation rate of 67% or less.
district	Term referring to both traditional district (local education agency) and public school academy.
effectiveness	Success in achieving mission and goals.
ELA	English language arts.
EPIC	Education Policy Innovation Collaborative.
ESEA	Elementary and Secondary Education Act.
ESSA	Every Student Succeeds Act.
FMG	State of Michigan Financial Management Guide.
guide	OPD Comprehensive Guide for Partnership Districts.
implementation and effectiveness (I & E) worksheet	Submitted by partnership districts biennially to demonstrate they are using Section 21(h) funds effectively, purchasing approved assets, and/or implementing the funded program. The worksheet reflects all modifications to the budget and any updates on expenditures for utilization rates.

internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plan, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
material condition	A matter, in the auditor's judgment, which 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. Our assessment of materiality is in relation to the respective audit objective.
MDE	Michigan Department of Education.
Michigan School Index	The Statewide accountability system developed to meet the requirements of the Every Student Succeeds Act (ESSA) to identify schools for additional support. The system has various components that track aggregate level school data, including graduation rates and student proficiency in English language arts (ELA) and mathematics, based on results of Statewide assessment testing.
MSU	Michigan State University.
OIAS	Office of Internal Audit Services.
OPD	Office of Partnership Districts.
PALs	Partnership Agreement Liaisons.
partnership agreement	An OPD-approved 3-year agreement with an assigned partnership district. It requires a needs assessment to identify goals, benchmark requirements, and accountability measures, and outlines strategies and actions required by signatory partners to improve student achievement to exit the agreement, as measured by MI School Index data.

partnership district	Districts that operate one or more schools identified for CSI receive partnership district assignment from the State Superintendent of Public Instruction.
performance audit	An audit which 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.
reportable condition	A matter, in the auditor's judgment, less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
SBO	State Budget Office.
Section 21(h)	Part of the State School Aid Act which allocates funds for districts with an assigned partnership agreement. Partnership districts apply for funds annually. Funding is dedicated to improving instruction and student achievement in districts and their respective schools assigned to a partnership by the State Superintendent of Public Instruction [MCL Section 388.1622(p)].
Statewide Integrated Governmental Management Applications (SIGMA)	The State's enterprise resource planning business process and software implementation suite supporting budgeting, accounting, purchasing, human resource management, and other financial management activities.
strategy	An evidence or research-based initiative or practice implemented by adults to address a goal that is teachable, learnable, doable, and assessable. In practice, a strategy is used to support low performing schools in a partnership district.

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