

MDE PUPIL AUDITING MANUAL

INTRODUCTION

This manual is provided as a resource to pupil accounting auditors in performing desk and field audits of membership count procedures. Specific forms and programs have been developed to ensure that all audits are performed on a standardized basis. These requirements apply to all pupils, including those in alternative education programs operated by the Adult Education Offices. Desk audits may be performed before or after the original submission of the FTE count (DS-4061). However, ISDs should run the CEPI error check program before submitting the original count.

Section 18(4) of the State School Aid Act requires that the Department approve and publish a pupil auditing manual. Section 81(6) of the State School Aid Act requires that each intermediate school district (ISD) employ at least one person who is trained in pupil counting procedures, rules and regulations. The auditor must be free of conflicts of interest. Section 18(2) of the State School Aid Act requires pupil memberships to be audited by either an ISD auditor or public accounting firm. The audit shall be done in accordance with the Pupil Accounting Administrative Rules, the State School Aid Act, the MDE Pupil Auditing Manual, the MDE Pupil Accounting Manual, and other pertinent statutes.

Section 18(2) of the State School Aid Act mandates that the Department require each district (including PSAs) and ISD to have a pupil membership audit either by the ISD or a CPA. The Department has conditionally delegated that decision to districts and ISDs and provides the following guidance for CPA pupil membership audits:

The district, PSA or ISD (auditee) must:

- Submit the name of its pupil accounting contact person to the ISD auditor
- Allow the ISD auditor to have access to its pupil accounting records
- Submit the SRSD file to the ISD
- Submit the DS-4168 to the ISD

The CPA must:

- Perform all steps in the Pupil Auditing Manual, including writing the audit narrative
- Submit pencil changes to the DS-4061 (or an indication of no changes) to the ISD within 20 weeks of the count date
- Submit a signed narrative to the ISD
- Allow the ISD auditor to have access to its work papers, if necessary

The ISD must:

- Forward the SRSD file to CEPI
- Forward the Duplicate UIC Auditor View Report only for the district being audited to the CPA four weeks after the SRSD (DS-4061) submission deadline
- Enter the DS-4120 into the system after reviewing the pencil changes to the DS-4061 and audit narrative provided by the CPA.

NOTE: The CPA is responsible for the contents of the DS-4120 although the ISD enters the changes into the system.

SECTION 1 – AUDIT CYCLE

Department policy **REQUIRES** that all high school buildings or programs be field audited at least once every two school years and that all middle school and elementary school buildings be audited at least once every four school years. Informed professional judgment allows the auditor to change the high school audit cycle to not less than once every three years based on previous field audit results. This must be documented in the audit narrative. In addition, the Department requires that each building/program be desk audited for each pupil count. At least one building or program must be field audited for each district or PSA each year. Because of a higher potential for errors, certain individual buildings/programs (new schools and PSAs) may need to be audited more frequently. The auditor may use discretion in increasing the frequency of field audits. Any deviation in audit frequency must be documented by the auditor. See Section 3, 2.e, Planning for the Field Audit. A “program” for the purpose of defining the audit scope should be mutually determined by the ISD and the district.

The audit risk, the risk that the building pupil membership count may not be accurate, needs to be considered when determining audit frequency. The overall risk assessment for each building and population is based on the auditor’s judgment and must be documented. The risk assessment is used to determine the buildings to be audited and the sample size of pupils to be tested.

In determining the overall risk of a building or program, the auditor should consider the following:

- The results of the prior field and desk audits (Sites or programs with error rates over 5% should be considered high risk.)
- The effectiveness of district count procedures and controls
- The experience of district personnel assigned to process pupil count data (per Local District Planning Form)
- The frequency of pupil absenteeism noted during the count period
- The number of non-conventional pupils attending the building
- Variation of current counts from prior counts

SECTION 2 – DESK AUDITS

A desk audit must be done for ALL DISTRICTS AND FOR EVERY COUNT PERIOD. Utilization of the audit program will provide standardization and allow the auditor to perform the necessary procedures in a more effective and efficient manner. It is recommended that the desk audit be completed prior to beginning the field audit. The primary objective of the desk audit is to verify that the district's pupil membership counts are supported by building or program alpha lists and are mathematically accurate.

Required Documentation:

The reports listed below must be submitted to the ISD by the deadline established in the State School Aid Act.

1. SRSD Unaudited FTE Summary Report (DS-4061) (listing FTEs by building and totals for the district). This report is generated through the error check program for the Single-Record Student Database (SRSD).
2. Alphabetical list of membership by building or program for K-12, alternative, and special education center programs. This must be printed from the SRSD. Each alpha list must contain, at a minimum, the following information:
 - Pupil's legal name
 - Pupil's street address, city, state, and zip code
 - District pupil identification number (could be different than the SRSD UIC)
 - Date of birth
 - Residency status (resident or nonresident)
 - Name or school code of resident district for nonresident pupils
 - Name and school code of educating district for resident pupils educated for some or all of the day in a district other than the district of residence
 - Pupil grade level or program classification
 - Total FTE for each pupil, including the breakdown between general education and special education, if applicable. FTE may be rounded to the nearest tenth or hundredth, at the district's discretion, provided there is consistency throughout the district.
 - FTE total for the building/program – general education, special education, and grand total FTE

The following information may be included on the alpha list or on separate lists:

- Indication of which non-conventional categories apply to each pupil.
- Indication of which pupils are absent in any class on the count day and return within the 10/30-day period.

3. Consortium agreements

Minimum Desk Audit Procedures

1. Review the alphabetical lists of membership to verify the following:
 - a. The list contains all of the required information.
 - b. All age requirements have been met. SRSD Field 9 should calculate it.
 - (1) Pupils must have attained the age of five as of December 1 of the school year.
 - (2) All pupils, except special education pupils, but including alternative education pupils, must not have attained the age of 20 as of September 1 of the school year.
 - (3) Pupils enrolled and receiving instruction in a special education program approved by the Department must not have attained the age of 26 by September 1 of the school year.
 - (4) Pupils enrolled in alternative education programs operated through adult education must have attained the age of 16 as of September 1 if they are educated with participants.
 - c. The building FTE totals on the alphabetical lists of membership match the totals on the SRSD Unaudited Summary FTE Report (DS-4061).
 - d. Pupils who are absent on the count days are identified on the alphabetical lists or on separate lists.
 - e. Pupils in non-conventional categories are identified on the alphabetical lists or on separate lists.
 - f. The alphabetical lists of membership are signed by an authorized representative.
 - g. That each pupil's FTE did not exceed 1.00.
2. Perform the following procedures for duplicates disclosed in the Duplicate UIC Auditor View:
 - a. Send a communication to the LEA or PSA regarding the need to resolve the duplicates that are reported on the Duplicate UIC Auditor View. Attach the printout for that district.
 - b. Attempt to resolve any students that the LEA could not resolve.
 - c. Adjust the FTE in the districts within your ISD as needed.
 - d. Inform the districts of the adjustments.
 - e. Communicate UIC Resolution to other ISDs.
3. Review the Special Education Worksheets A and B to verify that:
 - a. No required information has been omitted;
 - (1) Teacher codes have been included.
 - (2) Associated regular education FTE amounts, if any, have been reported in the proper column.
 - (3) The resident districts have been identified for pupils being educated outside of their district of residence.
 - b. FTE totals have been correctly computed.
 - c. Each pupil's FTE did not exceed 1.00.
 - d. All pupils listed on the worksheets have been identified on the alphabetical lists of membership.

4. Verify the accuracy of FTEs reported in the Additional Information on K-12 Pupils.
 - a. The “Alternative Education FTE (age 16-19)” line should be compared with the Alternative Education amount above in the “K-12 Pupil Membership FTE in General Education.” If there is a difference, the auditors should ask what program were the pupils counted in.
 - b. The Special Education and General Education FTE (Section 24) line should be verified.
 - c. The “New grade levels for 2004-2005 that have never been offered previously,” is only for newer PSAs, but should be verified.
5. Verify the Residency-Related Information sections of the DS-4061 report.
6. During the September count audit, review the district’s calendar to determine that the days and hours scheduled meet minimum requirements (can be done as part of the field audit).
7.
 - (a) Determine if the district operated as a school of choice.
 - (b) Verify that the district had a signed cooperative agreement for all Section 105c Special Education pupils.
 - (c) Require the district to certify that it either complied or didn’t comply with school of choice provisions in the State School Aid Act.
8. From the population of pupils enrolled in a district other than the pupil’s district of residence, under Section 91 or 91(a), review each sampled membership to verify that the pupil was counted by the educating district.
9. Evaluate the results of the desk audit and determine if changes need to be made to the district’s risk assessment.

SECTION 3 – PLANNING FOR FIELD AUDITS

The objective of this section is to properly plan the field audit.

1. Document the independence of the auditor (see Appendix A). The auditor should not have a conflict of interest in regard to the school district, building or program to be audited. Such conflicts could include:
 - a. The auditor was formerly employed by the school district, building, or program to be audited (within the preceding two years).
 - b. The auditor has relatives currently employed by the school district, building or program.
 - c. The auditor has a personal or financial interest (e.g., service or employment contract) with the school district.

***Practical Note:** In instances when the auditor is found to have a conflict of interest, the ISD superintendent should be informed and measures should be taken to minimize, if unable to completely eliminate, the conflict of interest. This could be addressed by reassigning the audit to another auditor (if applicable), additional supervisory review of audit work papers, or acquiring the services of an outside auditor who is independent (e.g., from another ISD).*

2. Perform the following planning steps before doing the field audit:
 - a. Review correspondence file, prior audit working papers, prior audit report, and any audit or relevant monitoring reports the district received from other sources.
 - b. Review the *Pupil Accounting Manual*.
 - c. Review the Local District Planning Form (see Appendix B).
 - d. Obtain and review the district's pupil attendance policy.
 - e. Compare current pupil membership counts by building and type (e.g., conventional, homebound/hospitalized, postsecondary enrollment) with the pupil membership counts from the same period of prior school year.
 - (1) Identify unusual pupil membership counts.
 - (2) Consider whether the reasons for the variances identified indicate a higher potential for inaccurate pupil memberships.
 - f. Select and document the buildings for audit based on the audit cycle and a risk assessment. Selection criteria should include types of pupils, prior audit findings, variation of current count from prior counts, rotation schedule, and potential for error.
 - g. Discuss the buildings/programs to be audited and the timing of the audit with responsible local district personnel. Also, provide the local district with a list of items that will need to be available during the field audit. Discussions should also include adequacy of workspace for the auditors, access to pupil membership records, and assistance to be furnished by the local district.

SECTION 4 – BUILDING FIELD AUDITS

This comprehensive description of building field audit procedures is provided, as well as a condensed audit program (see Section 5). The auditor has discretion in developing alternative audit programs but must: 1) adequately document the work performed, and 2) meet minimum audit standards.

The objective of the field audit is to determine that the building or program FTEs have been properly documented and claimed for state school aid.

Audit Procedures

1. Assess risk by completing a building risk assessment as described in Sections 1 and 3. A list of the pupils in the following three categories must be provided for each building:
 - Population I – Pupils present on the count day
 - Population II – Pupils absent on all or part of the count day
 - Population III – Non-conventional pupilsThis can be provided on the alpha list or on separate lists.
2. Determine sample size. A minimum sample must be selected from each population based on the risk assessment at each building in which a field audit is performed.

	Low Risk	Moderate Risk	High Risk
Population I	2%	10%	15%
Population II	10%	15%	20%
Population III	10%	15%	20%

If the result is not a whole number, round it up to the next whole number. Auditors may select samples larger than the minimum.

The building audit procedures allow for alternative sample sizes beginning with 60 if a building with a low-risk assessment has over 600 pupil records, or if a moderate- or high-risk assessment increases the minimum sample size to more than 60.

3. Population I – Conventional Pupils Present on the Count Day

Determine the total building Population I pupils (This should be on the building or program alpha list).

- a. Select a sample from the alpha list on a headcount basis. The sample may target known risk areas.
- b. Verify the residency status of the pupils as prescribed in the *Pupil Accounting Manual* (SRSD Fields 3, 4 and 13). Note: Foreign pupils must meet residency requirements.
- c. Verify that the pupil was in attendance and received instruction in all classes on the count day.
- d. The SRSD Field 20 is the enrollment date. Verify that all pupils were enrolled on or before the count date.

Regulatory References for Residency

State School Aid Sections:

388.1603(6)	388.1606(4)	388.1606(6)	388.1705	388.1711
388.1718	388.1705(c)			

Revised School Code Sections:

380.1401	380.1406	380.1407	380.1408
380.1411	380.1415	380.1416	

Administrative Rules:

340.3	340.5
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Attorney General Opinions:

1976 OAG 5004	1976 OAG 5112	1979 OAG 5574	1981 OAG 5925
1981 OAG 5995	1985 OAG 6316		

Court Cases:

University Center, Inc., v. Ann Arbor Public Schools, 386 Mich. 210 (1971)

Feaster v. Portage Public Schools, 451 Mich. 352 (1996)

Other Regulatory References

State School Aid Act Sections:

388.1606(a)	388.1606(4)(1)	388.1606(4)(m)	388.1606(4)(o)
388.1606(4)(q)	388.1606(4)(r)	388.1606(7)(a)	388.1606(7)(b)
388.1701(3)	188.1701(5)	388.1701(7)(d)	

Administrative Rules:

340.2	340.3	340.4	340.5
340.10	340.11	340.12	

4. Determine and evaluate the audit error rate according to Step 8 on page 23.

5. **Population II – Conventional Pupils Absent on All or Part of the Count Day**
Determine the total building Population II pupils (This should be on the building or program alpha list and on the count day absence list.).
 - a. Select a sample of these pupils on a head count basis. The sample may target known risk areas.
 - b. Verify the residency, enrollment status, and the accuracy of the FTE computation, using the same method as for Population I pupils. Note: Foreign pupils must meet residency requirements.
 - c. For pupils absent from one or more classes on the count day, verify that either:
 - (1) The pupil had an authorized excused absence on the count day and attended all classes claimed for membership at least once within 30 calendar days after the count day, or
 - (2) The pupil had an unexcused absence on the count day, was enrolled and in attendance prior to the count day, and attended all classes claimed for membership at least once during one of the next 10 consecutive school days.

Practical note: Some auditors find it to be more efficient to select and test all pupils in a sample of the teacher attendance records rather than selecting individual pupils for testing. The sample size drawn should be based on risk (i.e., 10% for low-risk) and may target known

risk areas. Auditors should attempt to draw a representative sample and should consider whether very small or large classes will bias the sample. The auditor should document the sample selection process. Auditors should compare all Population II pupils in the sample teacher records to the Population II documentation provided for audit. This is a test of the accuracy of the district's Population II lists and a general finding should be written if a discrepancy is noted. The auditor should perform Steps b and c above for the Population II pupils and, in cases of noncompliance with the 10/30 day rule, expand that individual pupil record audit to class-by-class for return date verification. The auditor should count the Population II pupils in the teacher attendance books selected and document that a sufficient Population II sample was achieved (i.e., 10% for low-risk). Auditors using this optional method will find it efficient to test Population I pupils using the same teacher attendance records.

Regulatory References

Administrative Rule:

340.3

6. Determine and evaluate the audit error rate according to Step 8 on page 23.

7. Population III – Non-Conventional Pupils

***Practical note:** If a building does not have non-conventional pupils, Step 7 is not applicable. Also, only those sections for which the building has the type of non-conventional pupils need to be completed. Generally, non-conventional pupils are required to meet all the requirements of conventional pupils plus additional requirements specific to the non-conventional pupil type in accordance with the Pupil Accounting Manual.*

Determine the total building Population III pupils (This should be on the building or program alpha list).

- a. Select a sample of these pupils on a head count basis in such a manner that each Population III pupil has an equal chance of being selected. If upon selection of the sample, there are non-conventional categories that have not been represented in the sample, supplement the sample by selecting at least one pupil from each of the unrepresented categories. The sample may target known risk areas.
- b. Verify the residency and attendance status and the accuracy of the FTE computation using the same method as for Population I and Population II pupils.
- c. Perform the following additional audit procedures for the non-conventional pupils selected:

1A. Alternative Education Pupils

1. Alternative Education Program – General

From the population of students attending the alternative education program (There is a risk that alternative education pupils might be reported with their grade levels rather than as alternative education.) (SRSD Fields 19 and 125):

- (a) Verify that the eligible general education pupil has not obtained a high school diploma or a GED certificate.

- (b) Verify that the eligible general education pupil is 16 years of age or older on September 1 of the current school year if adult education participants are enrolled in the program.

Note: The educating district counts the pupils in membership unless there is a cooperative agreement which specifies that each resident district is to count the resident pupils. However, a cooperative education program that is operated by the intermediate district and is serving general education pupils from several constituent districts must have those pupils counted in membership by the resident district for membership purposes. The intermediate school district is ineligible to count general education pupils.

2. Pupil Expelled Under Section 380.1310, 380.1311 or 380.1311a
See Home-Based, Section 1C below.
3. Learning Labs
From the population of a learning lab, review each sampled membership to:
 - (a) Verify that the sign-in and sign-out sheets, as well as the teacher's attendance records, documented the actual hours per week the pupil attended the learning lab and that the pupil attended the minimum number of hours scheduled and claimed.
 - (b) Verify that the pupil did not generate more FTE per course than would have been generated by a pupil in a traditional classroom setting.

Regulatory References

State School Aid Act:

388.1606(4)(u-v)

388.1606(6)(i)

388.1701(9)

Pupil Accounting Manual:

Section 5A

Revised School Code:

380.1310-1311a

IDEA:

300.121(d)

1B. Cooperative Education Pupils

1. Alternative Education
See Alternative Education Program, Section 1A above.
2. Cooperative Education Program – General and Special Education
From the population of pupils attending cooperative education programs counted for membership, review each sampled membership to:
 - (a) Verify that a written, voluntary agreement between or among the educating districts exists.
 - (b) Verify the educating district counts the pupil in membership unless the cooperative agreement specifies that each resident district is to count the resident pupils.
 - (c) During the audit of the educating school district, verify that the FTE associated with nonresident cooperative education pupils was correctly

calculated and correctly included as part of the grade-by-grade schedule of the State Aid FTE count (DS-4061) unless claimed by the resident district.

- (d) For Special Education pupils, determine that the pupil:
- Was less than 26 years of age on September 1 of the current school year
 - Has not obtained a high school diploma
 - Was 16 years of age or older on September 1 of the current school year if adult education participants were enrolled in the program

Note: Pupils attending a cooperative education program operated by an ISD serving the general education pupils from several constituent districts must be counted in membership by the resident district.

3. Career and Technical Education (CTE) Program/Vocational Education Program
From the population of students attending the career and technical education program/vocational education program, review each sampled membership to:
- (a) Verify that a written, voluntary agreement between or among the educating districts exists.
- (b) Verify that the educating district counts the pupil in membership unless the cooperative agreement specifies that each resident district is to count the resident pupils.
- (c) Verify that the FTE was correctly calculated.
4. Nonessential Electives to Nonpublic Pupils
See Nonpublic Part-Time Pupil and Home Schooled Pupils, Section 1E below.

Regulatory References:

State School Aid Sections:

388.1603(3) 388.1606(4)(a) and (t)

388.1701(7)(d)

Revised School Code Section:

380.627

Pupil Accounting Manual:

Section 5B

1C. Home Based Pupils

1. Expelled Under Local District Policy
From the population of pupils who are home based and expelled under local district policy, review each sampled membership to:
- (a) Verify that the district provides a minimum of two non-consecutive hours of instruction per week to the pupil under the supervision of a certificated teacher.
- (b) Verify that credit earned is awarded to the pupil and placed on the pupil's transcript.
- (c) Verify that the membership claimed is prorated and limited to the actual hours of instruction.
2. Expelled Under Mandatory Expulsion Law (SRSD Field 120)
From the population of pupils who are home based and expelled under the mandatory expulsion law (Revised School Code 380.1311(2) or 380.1311a), review each sampled membership to:

- (a) If the pupil is in an in-school program, verify through observation or inquiry that the pupil was physically separated from the general population of the school district at all times during the school day and that the program provided 1, 098 hours of instruction.
- (b) If the pupil is in a home-based program, verify that the district provided two 45-minute periods of pupil instruction per week to general education pupils and two nonconsecutive hours of instruction per week to special education pupils, all under the supervision of a certificated teacher.
- (c) Verify that credit earned is awarded to the pupil and placed on the pupil's transcript.
- (d) Verify that this is a mandatory expulsion.

A pupil who was expelled under the mandatory expulsion law and has been provided the services, as described in 2(a) and 2(b) above, may be counted for 1.0 FTE.

NOTE: The individualized program means the certificated teacher is with one pupil during the one-hour period at the pupil's home, a neutral site, or at the school. Teaching more than one pupil at a time indicates that it is not an individualized program and the FTE must be prorated.

Regulatory References:

State School Aid Act Sections:
388.1606(4)(u)

Revised School Code Sections:
380.1311
380.1311a

1D. Homebound/Hospitalized Pupils

From the population of homebound/hospitalized pupils counted for membership, review each sampled membership to (SRSD Field 44 includes only Special Education homebound/hospitalized pupils):

- (a) Verify that the membership was supported by an attending physician's, hospital's, or licensed facility's certification.
- (b) Verify that the pupil received, from a certified teacher, two 45-minute periods of pupil instruction per week for general education pupils and two nonconsecutive hours of instruction per week for special education pupils.
- (c) Verify that the teacher(s) of record recorded the pupil as being absent on the count day.

Regulatory References:

State School Aid Sections:
388.1709
Revised School Code:
380.627a

Administrative Rules:
340.5(l) 340.1746
Pupil Accounting Manual:
Section 5C

Homebound and Hospitalized Services for Public School Pupils by Michigan Department of Education, October 2003.

1E. Nonpublic Part-Time Pupils and Home Schooled Pupils

From the population of nonpublic part-time and home-schooled pupils counted for membership, review each sampled membership (a complete list can be generated from SRSD Field 30) to verify that:

- (a) The course(s) being provided must also be offered at the public school to the regular public school pupils in the minor's grade level or age group as part of their minimum hours of instruction.
- (b) The course length and grading system must also be similar to that of the course offered to public school pupils.
- (c) Only non-essential elective courses for pupils in grades 1 through 12 may be provided. (Note that kindergarten is ineligible.)
- (d) The instruction must be scheduled to occur during the regular school day.
- (e) The instruction must be provided directly by a certified teacher hired by the district or an ISD.
- (f) In addition, if the district is providing a certified teacher at the nonpublic site, verify that the nonpublic school appears on the MDE's nonpublic school membership report, is located within the boundaries of the public school district, or is located in a contiguous district and there is a cooperative agreement with that contiguous district.

Regulatory References:

State School Aid Act Sections:

388.1606(4) 388.1606(6) 388.1766b

Administrative Rule:

340.6(b)

Revised School Code Section:

380.1561

Pupil Accounting Manual:

Section 5E

The Nonpublic School Act:

1921 PA 302

Court Cases:

Agostini v. Felton, _____ U.S. _____, 117 S.C. 1997, 138 L.Ed.2d 391 (1997)

Clonlara v. State Board of Education, 442 Mich. 230, 242 (1993)

Snyder v. Charlotte Public Schools, 421 Mich. 517, 365 NW2d 151 (1984)

School District of Traverse City v. Attorney General, 384 Mich. 390, 185 NW2d 9 (1971)

1F. Part-Time Pupils

From the population of part-time pupils counted for membership, review each sampled membership:

- (a) Verify that the number of instructional hours scheduled to be provided to the pupil is less than the minimum requirement (1,098 hours).
- (b) Consider the risk that this is a nonpublic pupil. Why is the pupil less than full time? If there is a risk that this is a nonpublic or home-schooled pupil, review the pupil's enrollment record, transcript, and other records to determine if this is a bonafide public school pupil. Refer to Section 1E above and the Pupil

Accounting Manual for information on nonpublic part-time and home-schooled pupils.

- (c) Verify the accuracy of the district's computation of the part-time pupil's FTE.

Regulatory References:

State School Aid Act Section:

388.1606(6)(b)

Administrative Rules:

340.6 and 340.7

Pupil Accounting Manual:

Section 5F

1G. Postsecondary (Dual) Enrollment Pupils

From the population of postsecondary enrollment pupils counted for membership, review each sampled membership to:

- (a) Verify that the pupil was enrolled in and attending at least one high school course.
- (b) Verify that the pupil had not yet completed local graduation requirements.
- (c) Verify that the district paid the required tuition for the postsecondary course(s). Attendance records might not be maintained by postsecondary institutions. A pupil is considered in attendance on the count day if he/she is enrolled on the count day and the tuition is paid by the district. Fees must also be paid for pupils enrolled under the Postsecondary Enrollment Options Act.
- (d) Verify that 50% of the postsecondary education course or career and technical preparation course fell within the school district's academic year. (This means that a course/term that is in session more than 50% of the time while school is out on summer break is ineligible to be counted for dual enrollment purposes.)
- (e) If the pupil is taking a college level course that is offered by electronic means, including but not limited to, the Internet, digital broadcast, or satellite network, offered by the school district, a regionally accredited college or university, or through Michigan Virtual High School, verify that it is sponsored by a **certificated teacher employed by the school district** in which the pupil is enrolled. Appropriate credit must be given for completion of the course, counted toward graduation and subject area required by the public school district or public school academy.
- (f) Verify the appropriateness and accuracy of the district's full or partial FTE membership computation.

Regulatory References:

State School Aid Act Sections:

388.1621b

388.1704a

Administrative Rule

340.2(6)

Pupil Accounting Manual:

Section 5G

Michigan Compiled Law:

Postsecondary Enrollment Options

Act, 388.511-388.524

2000 PA 258, 388.1901-388.1913

Revised School Code:

380.1204a

380.1279f

380.1471-380.1474

Attorney General Opinion:
2005 OAG 7168

1H. Reduced Schedule Pupils

From the population of reduced schedule pupils counted for membership, review each sampled membership to:

- (a) Verify that the pupil was in high school.
- (b) Verify that the pupil's reduced schedule request was initiated, signed and dated by the parent/guardian, and the approval form was signed and dated by the appropriate individuals.
- (c) Verify that the local school district determined that the reduced schedule was in the best educational interest of the pupil and was not for an ineligible reason.
- (d) Verify that the minimum hours of instruction (80% of required minimum hours for full-time pupil) was scheduled and provided to the reduced schedule pupil.

Regulatory References:

State School Aid Act Section:

388.1701(7)(c)

Administrative Rule:

340.10(5)

Pupil Accounting Manual:

Section 5H

1I. Special Education Early Childhood Programs and Services Pupils

Use the SRSD Field 9 to generate a list of pupils less than 5 years old on December 1. From the population of special education preschool pupils counted for membership, review each sampled membership to:

- (a) Visually verify that an IEP was on file and effective as of the count day (a sub-sample of high-risk pupils can be identified by reviewing the IEP dates in SRSD Field 38).
- (b) Verify that the pupil was enrolled as of the count day in a bona fide special education preschool program that had the minimum number of days and hours of instruction, as required by the special education rules.
- (c) Verify the pupil's attendance for each day of the week in a one-week time frame during the count period. Each day of the week equals .2 FTE.
- (d) Verify the accuracy of the FTE calculation.

Regulatory References:

State School Aid Act Section:

388.1606(4)(1)

Revised School Code Sections:

380.1711(1)(f) 380.1751(1)

Pupil Accounting Manual:

Section 5K

Administrative Rules:

340.4(d) 340.5(l)(j) 340.7(l) 340.7(9) 340.1754 340.1755

Eligibility of Pupils in Nonclassroom Services to Preprimary Age Children for State Membership Aid, Michigan Department of Education, Special Education Interpretation II-025, September 1991.

1J. Special Education Pupil Transition Services

From the population of special education pupils who received transition services, review each sampled membership to:

- (a) Verify that the pupil was enrolled and in attendance on a scheduled school day during the count period.
- (b) Verify that the pupil was assigned to and under the meaningful direction and supervision of a special education teacher employed by the educating district.
- (c) Verify that a pupil who received Work Activity Center Services was assigned to a special education teacher, and was counted for special education membership.
- (d) Verify that the Work Activity Center Services was incidental to the instructional program, i.e., less than 50% of school time. If a pupil spends more than 50% of the time in a Work Activity Center Service, the time does not count toward membership, since the pupil is in the Work Activity Center primarily for therapy or employment, and not for the purpose of receiving instruction. When pupils attend school less than 50% of their time, the district will only receive membership for the time instruction is received under the direct supervision of a teacher.
- (e) Verify the accuracy of the FTE calculation

Regulatory References:

Administrative Rules:

340.1733(h)(i)

Revised School Code:

380.1284

State School Aid Act:

388.1651a(7)(a)

Federal Regulation:

34 CFR 300.29

Michigan Department of Education Policies and Interpretations: *Utilization of Noncertified Personnel Elementary and Secondary* – November 1, 1988, *Employment of Special Education Pupils*

Pupil Accounting Manual:

Section 5L

1K. Split Schedule Pupils

From the population of split schedule pupils counted for membership, review each sampled membership to:

- (a) Verify the total number of instructional hours provided to the student.
- (b) Verify each building has appropriately claimed the FTE by dividing the number of hours in that building by the total hours calculated in #1 above or by the minimum required hours to generate 1.0 FTE if the hours in #1 above are less than the minimum.
- (c) Verify that the total FTE for the student (the sum of all buildings/programs) is no greater than 1.0 FTE.

Regulatory References:

Administrative Rule:

Pupil Accounting Manual:

340.2(1)

Section 5M

1L. Suspended and Expelled Pupils

From the population of suspended and expelled students counted for membership, review each sampled membership to:

1. For short-term suspensions:
 - (a) Verify that the attendance book of the teacher of record shows the pupil absent from class due to suspension.
 - (b) Verify that the pupil was supervised by a certificated staff member with attendance taken where the pupil was served or that the pupil returned to class within the count period.
2. For long-term suspensions or expulsions:
 - (a) Verify that attendance was taken where the pupil was served.
 - (b) Verify that pupil instruction was provided by a certificated teacher.
 - (c) Verify that instruction was academic in nature and leading to credit toward grade progression or a high school diploma.
 - (d) Verify that membership was prorated based upon the minimum required hours of pupil instruction for grades 1-12.
Note: Non-resident pupils who have been suspended or expelled from the resident district may be counted for membership purposes without a release from the resident district.
3. For permanently expelled pupils:
 - (a) See the alternative education pupils guidelines, Section 1A above.
 - (b) See the home-based audit guidelines, Section 1C above.

Regulatory References:

Revised School Code:
380.1309 - 380.1313

Pupil Accounting Manual
Section 5N

State School Aid Section:
388.1606(4)(a)

1M. Michigan Virtual High School and Distance Learning Pupils

From the population of Michigan virtual high school and distance learning students counted for membership, review each sampled membership to:

1. The virtual learning course was taken by a traditional high school pupil: at the high school, during the normal school day, it is part of the pupil's high school class schedule, and a certificated teacher is present. From this population, review a sample to:
 - (a) Verify that the course was approved by the local school board and generated credit toward the pupil's diplomas.
 - (b) Verify that a certificated teacher was assigned to the virtual course and the course appeared on the pupil's class schedule.
2. The virtual learning course was taken through a community college or university as dual enrollment. From this population, review sample to:
 - (a) Verify that all postsecondary enrollment requirements have been met. See Section 1G above.

3. The virtual learning course was taken at a pupil's self-scheduled time and place with no "regular daily attendance" required of the pupil. From this population, review a sample to:
 - (a) Verify that the pupil was concurrently enrolled and attending at least one high school course offered by the district in which credit was earned and regular daily attendance was required.
 - (b) Verify that the pupil was enrolled and in attendance on the count day or during the 10/30-day rule period during the class time designated for the course on the pupil's class schedule.
 - (c) Verify that the district did not claim more than two virtual learning courses per semester per pupil.
 - (d) Verify that the course was approved by the local district board and generated credit toward the pupil's grade progression.
 - (e) Verify that the teacher-of-record was identified.
 - (f) Verify that an on-site mentor was assigned to the pupil who was available for assistance and monitored the pupil's progress in the virtual course. The on-site mentor must be a certificated teacher employed by the school district.
 - (g) Verify the accuracy of the pupil count. The calculation is identical to pupil accounting for dual enrollment.
 - (h) Verify that the district paid any associated **tuition charges** for the course similar to the tuition requirement for dual enrollment as described in Section 21b of the State School Aid Act.

Note: The district may adopt additional requirements for pupils enrolled in such a class. Further, a district may choose not to offer these classes or to place greater restrictions on their pupils (e.g., high school pupils only), and/or on the courses offered; that is the local school board's prerogative.

4. The virtual learning course was taken by a **homebound/hospitalized** pupil with a documented medical reason for not being in regular daily attendance at school and is enrolled in a virtual learning course, as described in 3 above. See Homebound/Hospitalized, Section 1D above. This pupil received a minimum of two 45-minute periods of instruction per week (general education pupil) or two one-hour non-consecutive periods of instruction per week (special education pupil) with a certificated teacher. The homebound/hospitalized instruction generated a full 1.0 FTE for the pupil. Any virtual learning classes would not generate any membership since each pupil's membership may not exceed 1.0 FTE.
5. The virtual learning course was taken by a pupil who was a "**mandatory expulsion**" pupil who was required by state law to be expelled from public school and enrolled in a virtual learning course, as described in 3 above.
 - See Home-Based, Section 1C above.
 - If a pupil received individualized instruction through a home-based program, the pupil received a minimum of two 45-minute periods of pupil instruction per week (general education) or two one-hour non-consecutive periods of pupil instruction per week (special education) with a certificated

teacher. This generates a full 1.0 FTE for the pupil. Any virtual learning classes would not generate any membership.

- If the pupil received instruction through an alternative education program setting in which several pupils were enrolled and receiving instruction at the same time, the pupil's membership would be pro-rated and the virtual learning classes could be counted toward that pupil's membership. See Alternative Education Program, Section 1a above.

Regulatory References:

State Aid Act Section:
388.1698(5)

Pupil Accounting Manual:
Section 50

1N. Pupils in Work-Based Education

From the population of work based pupils counted for membership, review each sampled membership to verify the following:

1. The district had a written **training agreement** in place on the count date (n/a for in-school placement) which included:
 - a. Student learner's personal information: name, home address, telephone number, date of birth and emergency contact information.
 - b. School's name, address, telephone and contact person.
 - c. Employer's name, address, telephone and contact person.
 - d. Beginning and end dates of employment and hours.*
 - e. Beginning wage scale, if paid.
 - f. Verification of workers compensation insurance.*
 - g. Signatures of the principal/or designee, certificated coordinator, student learner, parent/guardian, and employer.*
 - h. List of job activities that will contribute to the student learner's progress toward a career objective.*
2. The district had a written **training plan** in place on the count date which included:
 - a. Specific skills to be learned by the pupil on the job site. (Beginning in 2005-06, the placement must align with the students' career pathway contained in their educational development plans.) For unpaid learners, new specific skills (two or more) need to be listed for each 45-hour placement.*
 - b. Employer, school and student learner's responsibilities.*
 - c. Date(s) of safety instruction.*
 - d. Identification of concurrent related academic course(s) instruction.*
 - e. Signatures of the principal/or designee, certificated coordinator, student learner, parent/guardian, and employer.*
 - f. Beginning and ending dates of placement.
 - g. Eligible hours to be worked with beginning and ending times (Instruction plus work can't exceed 48 hours per week. Pupils under 14 cannot work more than 1 hour per day).
3. The employer or coordinator maintained attendance records (i.e., time sheet signed by the employer).*
4. If paid, work hours did not generate more than one-half of the pupil's FTE.*

5. The pupil was eligible to receive credit toward a high school diploma.*
6. Certified teacher/coordinator monitored the pupil's work once every 9 weeks (30 calendar days for Special Education), (i.e., log with date of visit, student name, employer name, employer signature).*

*A violation of this item should be reported as a specific finding with an FTE adjustment. Other issues should be reported as general findings.

Regulatory References:

Pupil Accounting Manual: Section 5P
Youth Employment Standards Act

8. Using the Sample Summary and Analysis (see Attachment G), determine and evaluate the audit error rate according to the following.

Errors are accumulated on a headcount basis regardless of the FTE impact. For example, an error of an understatement of .5 FTE and an error of an overstatement of .5 FTE are summarized as 2 errors, although the cumulative FTE error is zero. The error rate is calculated by dividing the cumulative total number of pupil records in error by the cumulative total number of sample items reviewed.

If the initial sample was less than 60 and the error rate is 5% or greater, the auditor IS REQUIRED to expand the sample in increments to 25%, 40%, 55% and then 75% of the population. If the sample error rate is also 5% or greater at the 25%, 40%, 55% and 75% increment, the auditor IS REQUIRED to expand to a 100% review of the population.

If the initial sample selected was 60, the auditor may stop if there was one or fewer errors. If there are 2 or more errors, the auditor IS REQUIRED to expand the sample in increments to 90, 180, and then 360 records as necessary. If 90 pupil records are reviewed and there are 3 or more errors, the auditor IS REQUIRED to expand the sample to 180 items. If 180 pupil records are reviewed and there are 7 or more errors, the auditor IS REQUIRED to expand the sample to 360 items. If 360 pupil records are reviewed and there are 14 or more errors, the auditor IS REQUIRED to expand to a 100% review of the population.

Practical note: *If the underlying errors are isolated, informed professional judgment allows the auditor to focus the expansion of the sample on the subpopulation with the isolated error. The auditor is encouraged to request that the district identify and correct the isolated errors before expanding the sample.*

9. Determine and document the audit error rate for the entire building/program. This will be calculated by dividing the total number (on a headcount basis) of errors noted in Populations I, II, and III by the total number (on a headcount basis) of sample items reviewed in Populations I, II, and III.
 - a. If the building/program error rate is determined to equal or exceed 5% but is still less than 10%, it is the auditor's judgment as to whether audit testing should be expanded to

audit other like buildings in the district or audit the same building again for the next pupil membership count.

- b. If the building/program error rate is determined to equal or exceed 10%, the auditor IS REQUIRED to audit at least one other like building in the district or, if no other like buildings exist in the district, the auditor should audit the same building again for the next pupil membership count.

In all cases when an auditor has determined that the building/program error rate is equal to or exceeds 10%, the auditor IS REQUIRED to contact the Office of Audits of the Michigan Department of Education.

10. Conduct an exit conference with appropriate local district personnel. The following should be discussed:
 - a. Areas where the local school district can improve its documentation or counting procedures to maximize and accurately report FTE memberships (general findings).
 - b. Specific findings detected, along with the associated FTE adjustment that is needed.
 - c. District appeal procedures.
11. Draft a narrative report on the general and specific findings noted during the audit, and final FTE adjustments. Record variances noted in building audits on the FTE Adjustment Forms.
12. Update the list of items that need to be available to streamline future audits and compile a list of suggestions for improving future audits.

SECTION 5 – CONDENSED BUILDING AUDIT PROGRAM

District: _____

Building: _____ Count Day: _____

This audit program is intended to be used in reference with the Building Field Audit Procedures, Section 4. The objective of the field audit is to determine that the FTEs have been properly documented and claimed for state school aid.

BUILDING-WIDE PROCEDURES	Number of Errors	Performed By
1. Determine that the building adheres to district count procedures as identified on the local district planning form, and obtain the appropriate documentation.		
2. Assess risk for the building according to Section 1 and 3.		
3. Determine that the district has a procedure to determine 75% attendance and that the district accurately implemented the procedure.		

PUPIL SPECIFIC AUDIT PROCEDURES	No. of Errors	Performed by
<i>ALL PUPILS</i>		
Residency (N/A for PSAs)		
Presence on count date		
10/30-day rule		
Enrollment		
FTE computations		
<i>ALTERNATIVE EDUCATION PUPILS</i>		
General		
<ul style="list-style-type: none"> • No high school diploma or GED • 16 years old if with adult participants 		
Learning Labs		
<ul style="list-style-type: none"> • Sign-in sheets and teacher attendance records support minimum hours • No greater FTE than traditional setting 		
<i>COOPERATIVE EDUCATION PUPILS</i>		
General and Special Education		
<ul style="list-style-type: none"> • Written voluntary agreement • FTE counted by educating district • Special ed pupil is under 26, over 16 if with adults and has no diploma • FTE computation (may consider travel time) 		
Career and Technical Education		
<ul style="list-style-type: none"> • Written voluntary agreement 		

PUPIL SPECIFIC AUDIT PROCEDURES	No. of Errors	Performed by
<ul style="list-style-type: none"> FTE counted by educating district 		
<ul style="list-style-type: none"> FTE computation 		
<i>HOME BASED PUPILS</i>		
Expelled under local district policy		
<ul style="list-style-type: none"> Two non-consecutive hours of instruction 		
<ul style="list-style-type: none"> Credit is awarded 		
<ul style="list-style-type: none"> FTE prorated to actual hours 		
Expelled under mandatory expulsion law		
<ul style="list-style-type: none"> In school, pupils physically separated and receive 1098 hours 		
<ul style="list-style-type: none"> If home-based, pupil received two 45-minute periods if general ed and two non-consecutive hours if special ed. 		
<ul style="list-style-type: none"> Credit toward diploma 		
<ul style="list-style-type: none"> Expulsion was mandatory 		
<ul style="list-style-type: none"> FTE calculation 		
<i>HOMEBOUND HOSPITALIZED PUPILS</i>		
Physician certification		
Instructional hours provided		
Absent on count day		
<i>NON-PUBLIC PART-TIME & HOME SCHOOLED PUPILS</i>		
Nonpublic records and courses same as regular public district courses		
Course length and grading same		
Non-essential elective courses – grades 1-12		
Instruction during school day		
Instruction within boundaries or contiguous district		
Instruction by district employee		
On MDE non-public report		
Is resident if home schooled		
FTE computation		
<i>PART-TIME PUPILS</i>		
Fewer than minimum required hours are scheduled		
Is this a non-public or home-schooled pupil?		
FTE calculation		
<i>POSTSECONDARY ENROLLMENT PUPILS</i>		
Enrolled in one district class		
Pupil not met graduation requirements		
District paid tuition and fees		
Class 50% within academic year; special requirements for electronic class		
FTE calculation		

PUPIL SPECIFIC AUDIT PROCEDURES	No. of Errors	Performed by
<i>REDUCED SCHEDULE PUPILS</i>		
Approvals – signed and dated		
Best educational interest		
FTE computation		
<i>SPECIAL EDUCATION EARLY CHILDHOOD PROGRAMS AND SERVICES PUPILS</i>		
Count date IEP		
Bona fide program with minimum days and hours		
FTE calculation - .2 FTE per day		
<i>SPECIAL EDUCATION PUPIL TRANSITION SERVICES</i>		
<ul style="list-style-type: none"> • Enrolled/attendance 		
<ul style="list-style-type: none"> • Assigned to special education staff 		
<ul style="list-style-type: none"> • Less than 50% of FTE 		
<ul style="list-style-type: none"> • FTE calculation 		
<i>SPLIT SCHEDULE PUPILS</i>		
Verify instructional hours		
Verify split of FTE, limited to 1.0 FTE		
<i>SUSPENDED AND EXPELLED PUPILS</i>		
Short-term suspensions		
<ul style="list-style-type: none"> • Absent per teacher’s record 		
<ul style="list-style-type: none"> • Supervised by certified teacher 		
<ul style="list-style-type: none"> • Attendance where pupil served 		
Long-term suspensions		
<ul style="list-style-type: none"> • Attendance where pupil served 		
<ul style="list-style-type: none"> • Certified teacher 		
<ul style="list-style-type: none"> • Credit toward diploma 		
<ul style="list-style-type: none"> • FTE prorated 		
<i>VIRTUAL HIGH SCHOOL & DISTANCE LEARNING PUPILS</i>		
Class at high school		
<ul style="list-style-type: none"> • Approved by board, credit given 		
<ul style="list-style-type: none"> • Certified teacher 		
<ul style="list-style-type: none"> • On pupil’s class schedule 		
Community college or university		
<ul style="list-style-type: none"> • Postsecondary requirements met 		
Self-Scheduled time and place		
<ul style="list-style-type: none"> • Enrolled in one high school course 		
<ul style="list-style-type: none"> • Count date enrollment/attendance 		
<ul style="list-style-type: none"> • Limited to two virtual courses 		
<ul style="list-style-type: none"> • Approved by board, credit given 		
<ul style="list-style-type: none"> • Teacher of record 		
<ul style="list-style-type: none"> • On-site mentor certificated 		

PUPIL SPECIFIC AUDIT PROCEDURES	No. of Errors	Performed by
• FTE calculation		
• Tuition paid		
Homebound hospitalized		
• No FTE		
Mandatory expulsion		
• No FTE		
<i>WORK-BASED EDUCATION PUPILS</i>		
Written count date training agreement		
• Pupil's personal information		
• School's information		
• Employer's information		
• Beginning and end dates of employment and hours*		
• Beginning wage scale, if paid		
• Workers compensation insurance*		
• Required signatures*		
• List of job activities*		
Written count date training plan		
• Specific skills to be learned*		
• Employer, school, pupil's responsibilities*		
• Date(s) of safety instruction*		
• Related instruction*		
• Required signatures*		
Attendance records*		
If paid, hours not more than one-half FTE*		
Credit toward a high school diploma*		
Monitored every 9 weeks (30 days for Special Education)*		

ADJUSTMENTS: Any changes to membership claims made to this building/program due to this audit are itemized on the FTE Adjustment Form.

CONCLUSION:

I(We) have performed procedures sufficient to achieve the audit objectives identified on this program and have adequately documented the audit procedures performed.

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

SECTION 6 – AUDIT REPORTS, REPAYMENTS, AND APPEALS

Audit Report

- A. An ISD or CPA pupil membership audit narrative report must be submitted to the audited district's superintendent and the MDE Office of Audits. The final audit narrative report is a public record and is available to any interested party. An audit narrative format is provided in Appendix F. Instructions for the automated audit narrative is provided in Appendix D. According to Section 18 of the State School Aid Act, the narratives are due to the Department on November 15 after the close of the school year. For example, the September 2004 and February 2005 narratives are due on November 15, 2005
- B. The final narrative ISD audit report shall:
1. Include a description of the scope and objectives of the audit. This should include a description of the buildings or programs audited; whether a desk audit or field audit was performed; the dates of the audit work; the percent of FTE audited in each building or program; and the number of staff hours spent on the audit by name and title.
 2. Include a statement verifying that the audit was made in accordance with the *Pupil Auditing Manual* for the purpose of ensuring compliance with the *Pupil Accounting Manual*.
 3. Present factual data objectively, accurately, fairly, and completely including only information, findings, and conclusions that are adequately supported by sufficient evidence in the auditor's working papers. The report may also contain the district's written response.
 4. Present findings, recommendations, and legal references. Fully developed audit findings should include a description of the specific condition noted; the cause (if appropriate); the legal requirement that was violated, including the specific reference; the effect (amount of FTE adjustment) and a recommendation.
 5. Contain the specifics of FTE changes such as student name, course, and the reason for questioning the membership (see Appendix C). This shall be reconciled and tied into the DS-4120 in the audit report. A copy of the DS-4120 shall be included in the audit report.
 6. Be written in language as clear and simple as the subject matter permits and that is concise and thorough.
- C. State aid adjustments will be made based on ISD audits prior to any appeals. Section 15(2) of the State School Aid Act states that if the result of an audit conducted by or for the superintendent affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year.

ISD Audit Appeal Process

The appeal of an ISD audit is a two-step process at the state level. ISDs may offer an informal appeal process. The district may appeal the ISD audit to the Director of the Office of Audits. The district may then appeal the director's decision to the Superintendent of Public Instruction. That appeal will be assigned to the Office of Administrative Law that will act on behalf of the superintendent.

1. Appeals to the Director of the Office of Audits

- (a) District appeals of the ISD's audit findings must be made to the Director of the Office of Audits within 30 days of receiving the ISD's audit report or ISD's decision on the informal appeal. The appeals must include a description of the memberships appealed along with rationale and legal references supporting the district's position. A copy of the appeal should be forwarded to the ISD auditor.
 - (b) If appropriate, the Director of the Office of Audits will direct further investigation and request additional information.
 - (c) If necessary, the Director of the Office of Audits will meet with school district officials and the ISD auditor to discuss the audit findings.
 - (d) The Director of the Office of Audits will make a determination either affirming the audit findings or restoring all or part of the appealed memberships.
 - (e) The Director of the Office of Audits will notify the district in writing of the determination and that the district has 30 days (from receipt of the decision) to appeal the determination to the Superintendent of Public Instruction.
2. Appeals to the Superintendent of Public Instruction
- (a) A school district can appeal the decision of the Director of the Office of Audits to the Superintendent of Public Instruction within 30 days of receiving the decision of the Director of the Office of Audits. The appeal must include a description of the memberships appealed along with rationale and legal references supporting the district's position.
 - (b) Appeals will be assigned to a hearing officer in the Office of Administrative Law. The district will be offered an appeal conference. Staff involved will include the hearing officer; affected program directors; an Attorney General representative if the school district is represented by legal counsel; the Director of the Office of Audits; and the ISD auditor. The Office of Audits will be represented as a party and the representative will explain the audit findings but will not participate in the decision process.
 - (c) Based on the appeal file, the appeal conference, the hearing officer will draft a decision for consideration by the Superintendent of Public Instruction either affirming the audit findings or restoring all or part of the appealed memberships.
 - (d) The district will receive the decision signed by the Superintendent of Public Instruction and the appropriate accounting adjustments will be made.

SECTION 7 – 75% ATTENDANCE AND HOURS OF INSTRUCTION

The DS-4168 review is to be completed for the prior year and is commonly completed in August.

- A. Verify that the local school district has building level procedures to verify that at least 75% of the pupils scheduled for instruction were in attendance on scheduled days counted. Test the procedure for the most recently completed school year. Contact the Office of State Aid and School Finance with exceptions.
- B. Verify that the building's documentation of the hours of instruction actually provided to each pupil for the most recently completed year adequately supports the hours of instruction reported to the Department on the DS-4168.

If the ISD auditor concludes that the local school district's documentation did not adequately support the days and hours of instruction reported on the DS-4168, the ISD auditor should report the results of his/her review to the Office of State Aid and School Finance of the Michigan Department of Education.

LOCAL DISTRICT PLANNING FORM

Program: _____

This form should be completed or UPDATED for each membership count. It should be prepared by program staff and forwarded to the auditor for use in planning the remainder of the field audit.

1. Identify the key program personnel involved in the pupil membership count, including the individual whom the auditor should contact to make arrangements for the fieldwork.

NAME	TITLE	LOCATION	PHONE	YEARS IN POSITION

2. For each building/program at which the district provides instruction, complete:

BUILDING/PROGRAM	LOCATION	GRADE LEVELS/ CLASS OF PUPILS	APPROXIMATE NUMBER OF PUPILS

(Attach additional schedules if necessary)

3. One major purpose of the planning form is to provide the auditors with information about any significant changes that would affect completion of the audit. Following is a checklist of common items. Please indicate if there have been any significant changes and attach documentation as applicable.

- _____ Written procedures for ensuring a complete and accurate pupil count
- _____ Program locations or types of program categories
- _____ Systems (automated/manual) for maintaining enrollment and attendance records
- _____ Continuity in key pupil membership count positions
- _____ Participation in cooperative agreements with other local programs
- _____ Record retention procedures and practices (minimum of three year retention)
- _____ Procedures to ensure that administrative personnel document in writing their review of the completed program alpha lists, including a representation that all program documentation is on file in accordance with state laws

_____ Training of new staff without experience in membership accounting rules and procedures

Completed by:

Name: _____

Title: _____

Count Date: _____

Updated by:

Name: _____

Title: _____

Date: _____

Updated by:

Name: _____

Title: _____

Date: _____

Updated by:

Name: _____

Title: _____

Date: _____