



MICHIGAN DEPARTMENT OF EDUCATION

PUPIL AUDITING MANUAL

This manual is subject to changes based upon revisions to the State School Aid Act, the Revised School Code, Attorney General Opinions, and additional clarifications of current Department guidance and policy.

as Amended 2/10
(Changes highlighted)

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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 audits **meet standards**. These requirements apply to all pupils, including those in alternative education programs operated by the Adult Education Offices.

Section 18(7) of the State School Aid Act requires that the Department approve and publish a pupil auditing manual. Section 81(5) 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. **ISDs must document this training**. The auditor must be free of conflicts of interest. **(See appendix D)**.

Section 18(3) of the State School Aid Act mandates that each district (including PSAs) and ISD have a pupil membership audit either by an ISD auditor or a public accounting firm. 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

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 Duplicate UIC Auditor View Report only for the district being audited to the CPA four weeks after the **MSDS** (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

Page 6	Audit Cycle Instructions
Page 7	Days and Clock Hours Reporting
Page 8	Building Risk Assessment Form

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 schedule in the work papers and noted 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 counts 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

DAYS AND CLOCK HOURS REPORTING

Report of Days and Clock Hours of Public 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 and district 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. The Department will process a Section 101 deduction rather than the ISD auditor processing an FTE adjustment for each pupil.

BUILDING RISK ASSESSMENT FORM – FOR ISD FIELD USE

District: _____ Building: _____
 School Year: _____ Count: _____ Fall _____ Spring
 Completed by: _____ Audit Date: _____

Instructions: This form may be used to document the assessment of risk of those buildings/programs that will be field audited. Generally, the higher potential for errors, the higher the risk that the pupil membership counts is not accurate. Consider the risk factors listed below (High [H], Moderate [M], Low [L]), and place a check in the space beside the factors that significantly influence the risk for the audit area.

	Risk Factor			Comments
	H	M	L	
1. The results of the prior field and desk audits. (Error rates over 5% are high risk.)				
2. The effectiveness of district count procedures and controls (Detailed procedures generally provide a lower risk.)				
3. The experience of district personnel assigned to process pupil count data (per Local District Planning Form). (Experienced staff generally provides a lower risk.)				
4. The frequency of pupil absenteeism noted during the count period. (High absenteeism generally reflects a higher risk.)				
5. The number of non-conventional pupils attending the building. (Larger population of non-conventional pupils reflects a higher risk.)				

Based on the forgoing considerations, the risk for this building is assessed as follows:	Overall Risk Assessment		
Building Risk Assessment	High	Moderate	Low
Pop I – Conventional pupils present on count day			
Pop II – Conventional pupils absent on all or part of county day			
Pop III – Non-conventional pupils			

Building Risk Assessment – Percentages	High	Moderate	Low
Pop I – Conventional pupils present on count day	15%	10%	2%
Pop II – Conventional pupils absent on all or part of count day	20%	15%	10%
Pop III – Non-Conventional pupils	20%	15%	10%

SECTION 2
Desk Audits

Page 10	Desk Audits - Required Documentation
Page 11	Minimum Desk Audit Procedures
Page 12	Desk Audit Procedures Checklist

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.

Auditors performing desk audits must annually document their independence (see Appendix D). 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:

- The auditor was formerly employed by the school district, building, or program to be audited (within the preceding two years).
- The auditor has relatives currently employed by the school district, building or program.
- The auditor has a personal or financial interest (e.g., service or employment contract) with the school district.

With respect to the ISD's Special Education program, the auditor must be organizationally independent and objective.

***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, additional supervisory review of audit work papers, or acquiring the services of an outside auditor who is independent (e.g., from another ISD).*

Required Documentation:

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

1. **MSDS** Unaudited FTE count DS-4061 (listing FTEs by grade and totals for the district). This report is generated through the error check program for the **Michigan Student Data System (MSDS)**.

Note: Auditors may wish to print the DS 4061 from the **MSDS** rather than obtaining it from the district to ensure that it is the final certified collection.

2. Alphabetical list of membership by building or program for K-12, alternative, and special education center programs. This must be printed from the **MSDS**. 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 **MSDS** 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

Note: The building/program alpha list must be signed by the building principal.

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 date within the 10/30-day period

3. DS-4168 – Report of Days and Clock Hours of Public Instruction

4. 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. The building FTE totals on the alphabetical lists of membership match the totals on the **MSDS** Unaudited FTE Report (DS-4061).
 - c. Pupils who are absent on the count day are identified on the alphabetical lists or on separate lists.
 - d. Pupils in non-conventional categories are identified on the alphabetical lists or on separate lists.
 - e. The alphabetical lists of membership are signed by an authorized representative.
2. Perform the following procedures for duplicate FTEs disclosed in the Duplicate FTE Auditor View and:
 - a. In the “Audit FTE” section of the MSDS, monitor the “FTE Conflict Detection” screen as each district is able to review and download reports of the FTE conflicts they need to resolve.
 - b. District users should resolve as many of the FTE conflicts as possible before the close of the FTE Conflict Resolution process at the end of the seventh week after the legislated pupils membership count day.
 - c. At the end of the seventh week, districts should provide auditor with information regarding unresolved FTE conflicts.
 - d. Auditors will work with districts to make FTE adjustments within ISD as needed and work with other ISD auditors for FTE adjustments needed in 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 calculated.
 - c. 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. Verify the Special Education and General Education FTE (Section 24) line.
 - b. Verify the “New grade levels for fall count that have never been offered previously”.
5. Verify the Residency-Related Information sections of the DS-4061 report.
6. Schools of Choice may be audited in the desk review or field audit, depending on where the district’s records are maintained. If conducting the schools of choice audit during the desk review (i.e., most commonly done this way when the district records are maintained centrally):
 - a. Verify that the district has a signed cooperative agreement for a sample of Section 105c Special Education pupils accepted since the last field audit.
 - b. Verify that the district either certified that it complied with or didn’t comply with school of choice provisions in the State School Aid Act.
 - c. If noncompliance exists, report the noncompliance to the MDE Schools of Choice consultant for implementation of the 5% penalty.
 - d. If noncompliance affects the FTE, adjust the membership.
7. 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.
8. Evaluate the results of the desk audit and determine if changes need to be made to the district’s risk assessment.

Desk Audit Procedures

District: _____

Count Date: _____

Date Performed: _____

	Errors	Performed By
1. Review the alphabetical lists of membership to verify the following:		
a. The list contains all of the requirement information.		
b. Age requirements have been met for pupils entering the district.		
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.		
2. Perform the following procedures for duplicates disclosed in the Duplicate UIC Auditor View:		
a. Monitor the FTE Conflict Detection screen in the MSDS Audit FTE section.		
b. Verify districts have resolved as many of the FTE conflicts as possible before the close of the FTE Conflict Resolution process.		
c. Obtain unresolved FTE conflict information from district		
d. Work with district and other ISD auditors to make necessary FTE adjustments.		
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 calculated.		
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 programs were the pupils counted in.		
b. Verify the Special Education and General Education FTE		

(Section 24) line.		
c. Verify the “New grade levels for fall count that have never been offered previously”.		
5. Verify the Residency-Related Information sections of the DS-4061 report.		
6. For districts with centrally maintained school of choice records:		
a. Verify that the district has a signed cooperative agreement for a sample of Section 105c Special Education pupils accepted since the last field audit.		
b. Verify that the district either certified that it complied with or didn’t comply with school of choice provisions in the State School Aid Act.		
c. If noncompliance exists, report the noncompliance to the MDE Schools of Choice consultant for implementation of the 5% penalty.		
d. If noncompliance affects the FTE, adjust the membership.		
7. 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.		
8. If a pupil is added as a result of the desk review, the district must enroll the pupil in the MSDS and report the enrollment via the student record maintenance collection and present a new alpha list to the auditor as proof of the correction.		
9. Evaluate the results of the desk audit and determine if changes need to be made to the district’s risk assessments.		

SECTION 3
Planning for Field Audits

Page 16 Instructions for Planning

Page 17 Local District Planning Form

SECTION 3 – PLANNING FOR FIELD AUDITS

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

1. 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.
 - d. Obtain and review the district's excused/unexcused attendance policy.
 - e. 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, rotation schedule, and potential for error.
 - f. 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 of workspace for the auditors, access to pupil membership records, and assistance to be furnished by the local district.

LOCAL DISTRICT PLANNING FORM

District: _____ Count: _____
 Updated for: _____

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: _____

Date Completed: _____

Updated by:

Name: _____

Title: _____

Date Completed: _____

Updated by:

Name: _____

Title: _____

Date Completed: _____

Updated by:

Name: _____

Title: _____

Date Completed: _____

SECTION 4
Building Field Audits

Page 20	Sample Selection and Evaluation Procedures
Page 23	Detailed Audit Procedures for Population I
Page 24	Detailed Audit Procedures for Population II
Page 25	Detailed Audit Procedures for Population III
Page 39	Condensed Building Field Audit Program
Page 45	Sample Summary and Analysis

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, on buildings that will be field audited, as described in Sections 1 and 3. Obtain a list of the pupils in the following three categories 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 pupils

This 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. If a pupil is added as a result of the field audit, the district must enroll the pupil in the MSDS and report the enrollment via the student record maintenance collection and present a new alpha list to the auditor as proof of the correction.
4. Using the Sample Summary and Analysis, determine and evaluate each population error rate according to the following:

Errors in each population 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 still 5% or greater at the 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 are 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 sample expansion 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.*

6. Determine and document the entire building/program error rate. 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 report the planned sample expansion to the Office of Audits of the Michigan Department of Education.

Public Act (PA) 115 of 2009 requires that the Department report pupil membership fraud to the legislature. Fraud is defined in the dictionary as "deception deliberately practiced in order to secure unfair or unlawful gain." In all cases, when an auditor has identified pupil membership fraud, the auditor IS REQUIRED to report it to the Office of Audits of the Michigan Department of Education within ten days of identifying the fraud.

7. 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.

8. 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.
9. Update the list of items that need to be available to streamline future audits and compile a list of suggestions for improving future audits.

A. 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).

1. Select a sample from the alpha list on a headcount basis. The sample may target known risk areas.
2. Verify the residency status of the pupils as prescribed in the *Pupil Accounting Manual* **MSDS Entity Demographics Component**.
3. Verify that the pupil was in attendance and received instruction in all classes on the count day. Attendance records must be taken on a class-by-class basis for buildings/programs in which the pupils change classrooms (such as high schools and middle schools).
EXCEPTION: Class-by-class attendance taking is not required for middle school pupils moving from class-to-class in a group as opposed to individually moving to various classes.
4. Verify that all pupils were enrolled on or before the count date.
5. Determine and evaluate the audit error rate according to **Section 4 – Building Field Audits, Step 3, pages 20 and 21.**

Regulatory References

State School Aid Sections:

380.1311(2)	380.1311(a)	388.1603(6)	388.1606
388.1701	388.1705	388.1709	388.1711
388.1718			

Revised School Code Sections:

380.1401	380.1406	380.1407	380.1408
380.1411	380.1415	380.1416	

Administrative Rules:

340.1	340.2	340.3
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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)

B. 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.).

1. Select a sample of these pupils on a head count basis. The sample may target known risk areas.
2. Verify the residency, enrollment status, and the accuracy of the FTE computation, using the same method as for Population I pupils.
3. For pupils absent from one or more classes on the count day, verify that either:
 - (a) The pupil had an authorized, documented, 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 was expelled and returned within 45 calendar days after the count day, or
 - (b) 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.*

4. Determine and evaluate the audit error rate according to. **Section 4 – Building Field Audits, Step 3, pages 20 and 21.**

Regulatory References

State School Aid Sections:

388.1606 (8)

C. Population III – Non-Conventional Pupils

Practical note: If a building does not have non-conventional pupils, this step 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.

1. 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.
2. 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.
3. Perform the following additional audit procedures for the non-conventional pupils elected:

A. 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.):

- (a) Verify that the eligible general education pupil does not hold a high school diploma or a GED certificate.
- (b) Verify that the 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.
- (c) Deduct membership for pupil less than 16 years of age if there were also adult education participants being educated in the same program or classroom.

2. Alternative Education Program – Special Education

- (a) Verify that the eligible pupil with IEP is less than 26 years of age.
 - (b) Verify that the eligible pupil does not hold a high school diploma or a GED certificate.
 - (c) Verify that the eligible pupil is at least 16 years of age if participating in an adult education 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.

3. Pupil Expelled Under Mandatory Expulsion

See Home-Based, Section C1 below.

4. Learning Labs

From the population of pupils attending 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.
- (c) Verify that if pupil was less than 16 years of age as of September 1 of the current year, the pupil was not counted for membership if there were also adult education participants being educated in the same program or classroom.

Regulatory References

State School Aid Act:

388.1606(4) (u-v)

388.1606(6) (i)

388.1701(10)

Revised School Code:

380.1311-1311a

IDEA:

300.121(d)

Administrative

Rules:

340.2

340.3

340.13

Pupil Accounting Manual:

Section 5A

4. Seat Time Waivers

- (a) Verify that the pupil was enrolled in and participating in courses that were earning credit toward a high school diploma or a GED certificate.
- (b) Verify that the pupil was scheduled for a specified number of recognized courses for which the pupil's performance was being evaluated.
- (c) Verify that a certificated teacher was designated as the mentor teacher.
- (d) Verify attendance on count day was confirmed and the method documented by an online or an onsite instructor.
- (e) Verify that the pupil did not generate more FTE per course than would have been generated by a pupil in a traditional classroom setting.

B. Cooperative Education Pupils

1. Alternative Education

See Alternative Education Program, Section A1 above.

2. 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 and that it addresses reimbursement of added costs.
- (b) Verify that center program enrolled fewer than 50% of the pupils from the educating district.
- (c) If it includes a work based component, verify that the job training corresponds to classroom instruction.
- (d) Verify that the pupil was less than 26 years of age on September 1 of the current school year.

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 these were classes that were taught or monitored by a certificated or annually authorized teacher employed by the district.
- (d) Verify that the courses were approved by the school board and counted toward a high school diploma.
- (e) Verify that the pupil was less than 20 years of age on September 1 of the current school year **except** a special education pupil must be less than 26 years of age on September 1 of the current school year.
- (f) Verify that the general education pupil must not have earned a high school diploma or a GED certificate.
- (g) Verify that the special education pupil must not have earned a high school diploma.
- (h) Verify that the FTE was correctly calculated.

4. Nonessential Electives to Nonpublic Pupils

See Nonpublic Part-Time Pupil and Home Schooled Pupils, **Section E1** below.

5. Early College High School or Middle College Programs –

See Section G-B below.

Regulatory References:

State School Aid Sections:

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

388.1701(7) (d)

Revised School Code Section:

380.627

Pupil Accounting Manual:

Section 5B

C. 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 provided **at least** two nonconsecutive hours of instruction per week to the pupil under the supervision of a certificated teacher.

- (b) Through inquiry, verify that the district provided instructional materials, resources, and supplies that are comparable to those otherwise provided in the district's alternative education program.
- (c) Through inquiry, verify the course content is comparable to that of the alternative education program.
- (d) Verify that credit was awarded to the pupil and placed on the pupil's transcript.
- (e) Verify that the membership claimed is prorated and limited to the actual hours of instruction.

2. Expelled Under Mandatory Expulsion Law

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) Verify that the district provided two nonconsecutive one-hour periods of pupil instruction per week to the pupil under the supervision of a certificated teacher.
- (b) Through inquiry, verify that the district provided instructional materials, resources, and supplies that are comparable to those otherwise provided in the district's alternative education program. State School Aid Act, Section 6(4)(u)(ii).
- (c) Through inquiry, verify that course content was comparable to that of the alternative education program. State School Aid Act, Section 6(4)(u)(iii).
- (d) Verify that credit was awarded to the pupil and placed on the pupil's transcript.

NOTE: The individualized program means that certificated teacher is with one pupil during the instructional period. Teaching more than one pupil at a time indicates that it is not an individualized program and the FTE must be pro-rated.

Regulatory References:

<u>State School Aid Act Sections:</u>	<u>Revised School Code Sections:</u>
388.1606(4) (u)	380.1311
	380.1311a

<u>Pupil Accounting Manual:</u>	<u>Administrative Rule:</u>
Section 5C	340.2(13)

D. Homebound/Hospitalized Pupils

From the population of homebound/hospitalized pupils counted for membership, review each sampled membership to:

1. Verify that the membership was supported by an attending physician's, hospital's, or licensed facility's certification that because of a medical condition (other than pregnancy), the pupil must be confined to the home or hospital during regular school hours for a period of longer than five school days.
2. Verify that a certificated teacher provided a minimum of two 45-minute periods of pupil instruction per week for general education pupils and a minimum of two nonconsecutive one-hour periods of instruction per week for special education pupils.
3. Verify that the teacher:
 - (a) Recorded the pupil as having an absence on the count day.

- (b) Provided the instructional content to the pupil through the homebound/hospitalized teacher.
- (c) Gave the grade for the class or subject.

Regulatory References:

State School Aid Sections:

388.1709

Administrative Rules:

340.2(11 & 12)

340.1746

Revised School Code:

380.627a

Pupil Accounting Manual:

Section 5D

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

E. 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:

1. Verify that the course(s) being provided were provided 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.
2. Verify that the course length and grading system were similar to that of the course provides to public school pupils.
3. Verify that only non-essential elective courses for pupils in grades 1 through 12 were provided. (Note that kindergarten is ineligible.)
4. Verify that the instruction was scheduled to occur during the regular school day.
5. Verify that the instruction was provided directly by a certified teacher hired by the district or an ISD.
6. Verify that, if the district provided a certified teacher at the nonpublic site, 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. Exception: Nonpublic submitted written request for a specific fiscal year to the resident district and the resident district did not agree by May 1 of the preceding year or within 60 days if request is after March 1.
7. Verify that home schooled pupils are enrolled in a curricular offering at the public site and are residents of the district providing instruction.
8. Verify that a PSA is not providing instruction at a nonpublic school site.
9. Verify that the FTE was correctly calculated.

Regulatory References:

State School Aid Act Sections:

388.1606(4); 388.1606(6); 388.1766b

Administrative Rule:

340.2(20)

Revised School Code Section:

380.1561; 380.504 (1)

Pupil Accounting Manual:

Section 5E

The Nonpublic School Act:

MCL 388.551-.558

Court Cases:

Agostini v. Felton, _____ U.S. _____, 117 S.Ct. 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)

F. Part-Time Pupils

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

1. Verify that the number of instructional hours scheduled to be provided to the 1st-12th grade pupil is less than the minimum requirement (1,098 hours).
2. 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.
3. Verify the accuracy of the district's computation of the part-time pupil's FTE.

Regulatory References:

Administrative Rules:
340.2(6)

Pupil Accounting Manual:
Section 5F

State School Aid Act:
MCL 388.1606 (6) MCL 388.1606 (8)

G-A. Postsecondary (Dual) Enrollment and Career and Technical Preparation Pupils

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

1. Verify that the pupil was enrolled in and attending at least one high school course.
2. 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. See the Pupil Accounting Manual for exceptions.
3. 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.)
4. Verify that college level courses that were provided by electronic means were sponsored by a **certificated teacher** employed by the school district in which the pupil was enrolled. Appropriate credit was given for completion of the course, counted toward graduation and subject area required by the public school district or public school academy.

5. Verify that the postsecondary course is academic in nature or applicable to career preparation, applies toward satisfaction of degree requirements, and is not in the subject matter of hobby-craft, recreation, physical education, theology, divinity, or religious education.
6. Verify that the number of postsecondary dual enrollment courses in a pupil's fifth year of high school was limited to two courses taken at any given time and not more than four courses taken during the school year unless the pupil was enrolled in an early college or middle college high school.
7. 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

340.7(7) 340.10a 340.14

Pupil Accounting Manual:

Section 5G

Revised School Code:

380.1204a 380.1471-380.1474

Michigan Complied Law:

Postsecondary Enrollment Options Act,
388.511-388.524
388.151-388.155
2000 PA 258, 388.1901-388.1913

Attorney General Opinion:

2005 OAG 7168

G-B. Early College High School or Middle College Programs

From the Early College High School or Middle College Programs, review each sampled membership to:

1. Verify that the pupil was enrolled and in attendance at a public school district, intermediate school district or a public school academy.
2. Verify that the pupil was in grades 9 through 12.
3. Verify that the pupil has not met all of the necessary requirements to be eligible to receive a high school diploma.
4. Verify that the middle college provided an individualized education plan for each pupil enrolled in the program.
5. Verify the accuracy of the districts' membership calculation.

Regulatory References:

State Aid Act:

388.1621b
388.1704a

Public Acts:

388.511-388.524
388.1901-388.1913

Administrative Rule:

340.1(c)
340.7(8)
340.10a (4)

Revised School Code:

380.1204a
380.14710-0380.1474

H. Reduced Schedule Pupils

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

1. Verify that the pupil was in grades 9-12.
2. 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 district individuals.
3. 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.
4. Verify that the minimum hours of instruction (80% of required minimum hours for full-time pupil [1.0 FTE], or a pupil enrolled and attending a district operating on a four-block schedule day must be enrolled and attending not less than 75% of the minimum required hours) was scheduled and provided to the reduced schedule pupil.

Regulatory References:

State School Aid Act Section:
388.1701(7)(c)

Pupil Accounting Manual:
Section 5H

I. Schools of Choice

Schools of choice may be audited in the desk review or field audit, depending on where the district’s records are maintained. If conducting the schools of choice audit during the field audit (i.e., most commonly done this way when the district records are maintained at individual buildings), review each sampled membership to:

1. Verify that the district has a signed cooperative agreement for a sample of Section 105c Special Education pupils accepted since the last field audit.
2. Verify that the district either certified that it complied with or didn’t comply with school of choice provisions in the State School Aid Act.
3. If noncompliance exists, report the noncompliance to the MDE Schools of Choice consultant for implementation of the 5% penalty.
4. If noncompliance affects the FTE, adjust the membership.

Regulatory References:

State School Aid Section:
388.1705 388.1705c

Attorney General Opinion:
7046 February 2000

Pupil Accounting Manual:
Section 5I

J. No additional audit testing is required for former ISD School of Choice or former Section 91 or 91a pupils.

K. Special Education Early Childhood Programs and Services Pupils

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

1. 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 **MSDS**).
2. 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.
3. Verify the pupil's attendance.
4. Verify the accuracy of the FTE calculation based on the hours of enrollment and attendance.

Regulatory References:

State School Aid Act Section:

388.1606(4)(1) 388.1606(4)(aa)

Revised School Code Sections:

380.1711(1)(f) 380.1751(1)

Pupil Accounting Manual:

Section 5K

Administrative Rules:

340.2 340.1754 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.

L. Special Education Pupil Transition Services

1. From the population of special education pupils, who received work-based 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 that pupils placed with an employer (not work activity center) met the work based requirements for training agreements, training plans, credits and monitoring.

2. Transition/Community Living Experience (TCLE)

From the population of transition/community living experience pupils who receive transition/community living services, review each sampled membership to:

- (a) Verify that the student is 16 years of age or older and not older than 25 on September 1 of the school year.
- (b) Verify that the program consists of an instructional component and a community placement program.
- (c) Verify that the TCLE programs consist of an instructional component of not less than 60 consecutive minutes daily under the direct supervision of a certificated special education teacher.
- (d) Verify that a certificated staff member, employed by the district, visited the student and the student's instructor in the community placement location once every 30 days.
- (e) If the student is enrolled in both worksite based learning programs and TCLE, verify that neither program exceeds 50% of the student's FTE.
- (f) Verify that the district has a training plan and training agreement with the community living experience site in place by count day.
- (g) Verify that the community living experience component was Board approved and contains learning objectives and standards for determining pupil progress.

3. Verify the accuracy of the FTE calculation.

NOTE: For work-based learning relating to rule 340.1733(h) and (i) of the Revised Administrative Rules of Special Education 2002, please see Section Q1, Pupils in Work-Based Education for the specific requirements of this service.

Regulatory References:

Administrative Rules:
340.1733(h)(i)

Pupil Accounting Manual:
Section 5L

State School Aid Act:
388.1701

Revised School Code:
380.1284

Youth Employment Standards Act:
PA 30 1970

Fair Labor Standards Act:
29 USC 201, *et seq*

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

M. No additional audit testing is required for Split Schedule Pupils

N. **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 enrolled in and attending an alternative education program, 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 A1 above.
 - (b) See the home-based audit guidelines, Section C1 above.

Regulatory References:

Revised School Code:
380.1309 - 380.1313

Pupil Accounting Manual:
Section 5N

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

O. **Michigan Virtual High School and Distance Learning Pupils**

There are five different populations of Michigan virtual high school and distance learning students counted for membership.

1. From the population of virtual learning courses taken by **traditional pupils at the school**, during the normal school day, as part of the pupil's class schedule with a certificated teacher present, 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. From the population of virtual learning courses taken **through a community college or university as postsecondary enrollment**, review a sample to:
 - (a) Verify that all postsecondary enrollment requirements have been met. See Section 1G above.
 - (b) Verify that the pupil is concurrently enrolled and attending at least one course provided by the district in which credit is earned and regular attendance is required.
 - (c) Verify that the school district paid the eligible postsecondary institution on behalf of the eligible pupil.

- (d) Verify that 50% of the postsecondary course or career and technical preparation course fell within the school district's academic year.
3. From the population of virtual learning courses taken at a **pupil's self-scheduled time and place with no "regular daily attendance" required** of the pupil, review a sample to:
- Verify that the pupil was concurrently enrolled and attending at least one course provided by the district in which credit was earned and regular daily attendance was required.
 - 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.
 - Verify that the district did not claim more than two virtual learning courses per semester per pupil.
 - Verify that the course was approved by the local district board and generated credit toward the pupil's grade progression.
 - Verify that the teacher-of-record was identified.
 - 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.
 - 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 Act.
 - Verify the accuracy of the pupil count. The calculation is identical to pupil accounting for dual enrollment.
- 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 provided; that is the local school board's prerogative.
4. For the population of virtual learning courses taken by **homebound/hospitalized** pupils with a documented medical reason for not being in regular daily attendance at school and enrolled in a virtual learning course, as described in 3 above:
- See Homebound/Hospitalized, Section D1 above. No additional audit testing is needed.
 - The homebound/hospitalized instruction generated a full 1.0 FTE for the pupil. Any virtual learning classes would not generate additional membership since each pupil's membership may not exceed 1.0 FTE.
5. For the population of virtual learning courses taken by pupils with a **"mandatory expulsion"** and enrolled in a virtual learning course, as described in 3 above:
- See Home-Based, Section C2 above. No additional audit testing is needed.
 - 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

P. Work-Based Learning Experiences Pupils

From the population of work based pupils counted for membership, in paid or unpaid work-based learning experiences through non-career and technical education (CTE) and state-approved career and technical education programs, review each sampled membership:

1. Verify that the district had a written **training agreement** in place on the count date which included:
 - (a) Student learner's personal information: name, home address, telephone number, date of birth and emergency contact information
 - (b) Employer's name, address, telephone and contact person
 - (c) Employer, school and student learner's responsibilities*
 - (d) Date(s) of safety instruction*
 - (e) Beginning and end dates of agreement*
 - (f) Daily hours to be worked, including beginning and ending times*
 - (g) Verification of workers disability compensation and general liability insurance.*
 - (h) Signatures of the principal/or designee, certificated coordinator, student learner, parent/guardian, and employer.*
2. Verify that the district had a written **training plan** in place on the count date which included:
 - (a) For unpaid learners, new specific skills need to be listed for each 45-hour placement.*
 - (b) Identification of related academic course(s) instruction (non-CTE and non-Special Education only) where pupil was previously or is currently enrolled.
 - (c) Signatures of the principal/or designee, certificated coordinator, student learner, parent/guardian, and employer. If the training plan and training agreement are combined, one set of signatures is sufficient.*
3. The employer or coordinator maintained attendance records (i.e., time sheet signed by the employer).*
4. Work hours did not generate more than one-half of the pupil's FTE.*
5. The experience must be provided for high school credit.*
6. Certified teacher/coordinator who is employed by the district 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, coordinator signature).*
7. In-district/In-school placements, either:
 - (a) Pupils receiving special education services under a transition services plan may be placed in the district. Verify that a copy of the pupil's transition services plan is attached to the unpaid in-district placement agreement and directly relates to the placement.* or:
 - (b) An in-district placement can relate to a state-approved career and technical education (CTE) program. Verify that the completed in-district placement agreement identifies the program serial number (PSN).*

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

Regulatory References:

Administrative Rules:

340.1733(i) 340.1(5)(i) 340.1733(i)
395.371-395.376

Pupil Accounting Manual:

Section 5P

Youth Employment Standards Act:

1970 PA 90

Fair Labor Standards Act:

29 USC 201, *et seq.*

Q. Experiential Learning Courses Pupils

From the population of pupils in Experiential Learning Courses, review each sampled membership:

1. Verify that the pupil was in grades 9 to 12.
2. Verify that the course was supervised by a certificated teacher.
3. Verify that the teacher was not concurrently teaching another course.
4. Verify that a grade and credit was given based upon assessment.
5. Verify that attendance was taken and documented.
6. Verify that the class was approved by the local school board.
7. Verify that the course had identifiable content standards and was progressive in nature.
8. Verify that the learning objectives were not general employability skills.
9. Verify that the experiential learning course *was not* used solely as the one course requirement for eligibility to participate in dual enrollment.
10. Verify that the pupil was limited to one experiential learning course per semester.
11. Through inquiry, verify that the pupil has not replaced an employee.
12. Verify that the course was a combination of instruction and direct experience.

Regulatory References:

Administrative Rule

340.1733(i)

CONDENSED BUILDING FIELD 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)		
Present on count date (Population I & III)		
10/30-day rule (Population II)		
Enrollment		
FTE computations		
<i>POPULATION III</i>		
<i>A. ALTERNATIVE EDUCATION PUPILS</i>		
General		
• No high school diploma or GED		
• 16 years old if with adult participants		
Special Education		
• Pupil less than age 26		
• No high school diploma or GED		
• Pupil sixteen years old if with adult participants		
Learning Labs		
• Sign-in sheets and teacher attendance records support minimum hours		
• No greater FTE than traditional setting		
• Sixteen years old if with adult participants		
Seat Time Waivers		
• Earning credit toward a diploma or GED		
• Scheduled courses evaluated		
• Certificated teacher designated as mentor		
• Count day attendance confirmed and documented		
• FTE calculation		

PUPIL SPECIFIC AUDIT PROCEDURES	No. of Errors	Performed by
<i>B. COOPERATIVE EDUCATION PUPILS</i>		
Special Education		
<ul style="list-style-type: none"> • Written voluntary agreement that addresses added cost reimbursement 		
<ul style="list-style-type: none"> • Fewer than 50% pupils from educating district 		
<ul style="list-style-type: none"> • Work-based job training classroom instruction 		
Career and Technical Education/Vocational Education		
<ul style="list-style-type: none"> • Written voluntary agreement 		
<ul style="list-style-type: none"> • FTE counted by educating district 		
<ul style="list-style-type: none"> • taught/monitored by certificated teacher 		
<ul style="list-style-type: none"> • courses approved by board and count toward diploma 		
<ul style="list-style-type: none"> • pupil less than age 20 		
<ul style="list-style-type: none"> • No high school diploma or GED 		
<ul style="list-style-type: none"> • FTE calculation 		
<i>C. 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"> • Through inquiry, verify instruction materials provided by district 		
<ul style="list-style-type: none"> • Through inquiry, verify comparable course content 		
<ul style="list-style-type: none"> • Credit is awarded toward diploma 		
<ul style="list-style-type: none"> • FTE prorated to actual hours 		
Expelled under mandatory expulsion law		
<ul style="list-style-type: none"> • Two nonconsecutive hours 		
<ul style="list-style-type: none"> • Through inquiry, verify instruction material provided by district 		
<ul style="list-style-type: none"> • Through inquiry, verify comparable course content 		
<ul style="list-style-type: none"> • Credit is awarded toward diploma 		
<ul style="list-style-type: none"> • FTE calculation 		
<i>D. HOMEBOUND HOSPITALIZED PUPILS</i>		
<ul style="list-style-type: none"> • Physician certification 		
<ul style="list-style-type: none"> • Instructional hours provided 		
<ul style="list-style-type: none"> • Absent on count day 		
<ul style="list-style-type: none"> • Credit awarded toward diploma 		
<i>E. NON-PUBLIC PART-TIME & HOME SCHOOLED PUPILS</i>		
<ul style="list-style-type: none"> • Nonpublic courses same as public school courses 		
<ul style="list-style-type: none"> • Course length and grading same 		
<ul style="list-style-type: none"> • Non-essential elective courses – grades 1-12 		
<ul style="list-style-type: none"> • Instruction during school day 		
<ul style="list-style-type: none"> • Instruction by certificated district employee 		
<ul style="list-style-type: none"> • Instruction within boundaries or contiguous district with agreement and on MDE nonpublic school report 		
<ul style="list-style-type: none"> • If home schooled, instruction is at public school 		
<ul style="list-style-type: none"> • Home schooled pupil is resident of educating district 		

PUPIL SPECIFIC AUDIT PROCEDURES	No. of Errors	Performed by
<ul style="list-style-type: none"> PSA did not provide instruction at nonpublic site 		
<ul style="list-style-type: none"> FTE calculation 		
<i>F. PART-TIME PUPILS</i>		
<ul style="list-style-type: none"> Fewer than minimum required hours are scheduled 		
<ul style="list-style-type: none"> Is this a non-public or home-schooled pupil? 		
<ul style="list-style-type: none"> FTE calculation 		
<i>G-A. POSTSECONDARY ENROLLMENT PUPILS and CAREER & TECHNICAL PREP PUPILS</i>		
<ul style="list-style-type: none"> Enrolled and attending at least one district class 		
<ul style="list-style-type: none"> District paid tuition and fees (if required) 		
<ul style="list-style-type: none"> Class 50% within academic year 		
<ul style="list-style-type: none"> Special requirements for electronic class 		
<ul style="list-style-type: none"> Course is academic and allowed 		
<ul style="list-style-type: none"> Only two courses for 5th year pupils unless middle college 		
<ul style="list-style-type: none"> FTE calculation 		
<i>G-B. EARLY COLLEGE, HIGH SCHOOL OR MIDDLE COLLEGE PROGRAMS</i>		
<ul style="list-style-type: none"> Enrollment and attendance in public school district, ISD or PSA 		
<ul style="list-style-type: none"> Grades 9 through 12 		
<ul style="list-style-type: none"> No high school diploma or GED 		
<ul style="list-style-type: none"> Individualized education plan for each enrolled pupil 		
<ul style="list-style-type: none"> FTE calculation 		
<i>H. REDUCED SCHEDULE PUPILS</i>		
<ul style="list-style-type: none"> High school pupil 		
<ul style="list-style-type: none"> Approvals – signed and dated 		
<ul style="list-style-type: none"> Best educational interest 		
<ul style="list-style-type: none"> FTE calculation 		
<i>I. SCHOOLS OF CHOICE</i>		
<ul style="list-style-type: none"> Signed cooperative agreement for 105c Special Education pupils 		
<ul style="list-style-type: none"> District compliance certification 		
<ul style="list-style-type: none"> 5% penalty 		
<ul style="list-style-type: none"> FTE Calculation 		
<i>J. FORMER ISD SCHOOL OF CHOICE OR FORMER SECTION 91 OR 91a PUPILS</i>		
<ul style="list-style-type: none"> No additional audit testing required 		
<i>K. SPECIAL EDUCATION EARLY CHILDHOOD PROGRAMS & SERVICES</i>		
<ul style="list-style-type: none"> Count date IEP 		
<ul style="list-style-type: none"> Enrolled/attendance 		
<ul style="list-style-type: none"> Bona fide program with minimum days and hours 		
<ul style="list-style-type: none"> FTE calculation 		

<i>L. SPECIAL EDUCATION PUPIL TRANSITION SERVICES</i>		
• Enrolled/attendance		
• Assigned to special education staff		
• Work activity center assigned to Special Ed teacher		
• Less than 50% of FTE		
• If placed with an employer, met the work-based requirements		
• FTE calculation		
Additional Transition/Community Living Experience (TCLE)		
• 16 years of age or older		
• Instructional and community placement components		
• 60 minutes daily instruction provided by certificated special education teacher		
• Visited by certificated staff every 30 days		
• Neither program exceeds 50% of FTE		
• Training Plan and Training Agreement		
• Community living component approved by board		
• FTE calculation		
<i>M. SPLIT SCHEDULE PUPILS</i>		
• No additional testing required		
<i>N. SUSPENDED AND EXPELLED PUPILS</i>		
Short-term suspensions		
• Absent per teacher's record		
• Supervised by certified teacher		
• Attendance where pupil served		
Long-term suspensions		
• Attendance where pupil served		
• Instruction by certified teacher		
• Credit toward diploma		
• FTE prorated		
Permanently expelled pupils		
• Alternative Education pupils – See Section A		
• Home-Based pupils – See Section C		
<i>O. VIRTUAL HIGH SCHOOL & DISTANCE LEARNING PUPILS</i>		
Class at high school		
• Approved by board, credit given		
• Certified teacher		
• On pupil's class schedule		
Community college or university		
• Postsecondary requirements met		
• Enrolled in one district course		
• District paid for course		
• 50% of course within academic year		

Self-Scheduled time and place		
• Enrolled in one district course		
• Count date enrollment/attendance		
• Limited to two virtual courses		
• Approved by board, credit given		
• Teacher of record		
• On-site mentor certificated		
• Tuition paid		
• FTE calculation		
Homebound hospitalized		
• See Section D		
• FTE Calculation		
Mandatory expulsion		
• See Section C		
• FTE Calculation		
<i>P. WORK-BASED EDUCATION PUPILS</i>		
Written count date training agreement		
• Pupil's personal information		
• Employer's information		
• Employer, school, pupil's responsibilities*		
• Date(s) of safety instruction*		
• Beginning and end dates of agreement*		
• Daily schedule		
• Workers comp and liability insurance*		
• Required signatures*		
Written count date training plan		
• For unpaid learners, new skills listed for each 45-hours*		
• Related instruction (non-CTE and non-Special Education only)*		
• Required signatures*		
Attendance records*		
Hours not more than one-half FTE*		
Credit toward a high school diploma*		
Monitored every 9 weeks (30 days for Special Education) by certified teacher *		
In-district/In-school placements, either:		
• Pupil's transition services plan attached * or		
• In-district placement agreement MUST identify the program serial number (PSN) and relate to a state-approved career and technical education (CTE) program*		

<i>Q. EXPERIENTIAL LEARNING SECTION</i>		
• High school student		
• Certificated teacher provides supervision		
• Teacher not concurrently teaching another course		
• Grade and Credit given		
• Attendance taken and documented		
• Class approved by local Board		
• Progressive, identifiable content standards		
• Learning objectives not general employability skills		
• Course not used for eligibility for dual enrollment		
• Limit of one experiential learning course per pupil per semester		
• Through inquiry, verify that pupil did not replace an employee		
• Instruction/Direct Experience component		

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

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 _____

Summary and Analysis:

SAMPLE SUMMARY AND ANALYSIS

	Total Pop.	INITIAL SAMPLE				1 st EXPANSION					2 nd EXPANSION				
		Risk %	Sample Size	# of Errors	% Errors	Risk 25%	1 st Exp.	# of Errors	Cum Errors	% Error	Risk 40%	2 nd Exp	# of Errors	Cum Errors	% Error
Example	400	10%	40	3	7.5%	25%	60	2	5	5%	40%	60	0	5	3.1%
Pop. I															
Pop. II															
Pop. III															
TOT															

	Total Pop.	3 rd EXPANSION					4 th EXPANSION					100%		
		Risk 55%	3 rd Exp.	# of Errors	Cum Errors	% Errors	Risk 75%	4 th Exp.	# of Errors	Cum Errors	% Error	# of Errors	Cum Errors	% Error
Examp		N/A	N/A				N/A					N/A		
Pop. I														
Pop. II														
Pop. III														
TOT														

Explanation of example:

- 10% x 400 population = 40 pupils
- 3 errors divided by 40 sample = 7.5% error rate
- 25% x 400 = 100 minus 40 = 60 pupils
- 2 errors in expansion and 3 errors = 5 cumulative errors
- 5 divided by 100 total sample = 5% error rate
- Because the error rate is 5%, a second expansion is needed.
- 40% x 400 = 160 minus 100 = 60 pupils
- 0 errors in expansion + 5 errors = 5 cumulative errors
- 5 divided by 160 total sample = 3.1% error rate
- Because the error rate is less than 5%, a third expansion is not needed.

Each sample was selected in the following manner:

Population I:

Population II:

Population III:

POP. III CATEGORIES IN BUILDING/PROGRAM	COUNT	SAMPLE SIZE	# ERRORS	% ERRORS
Alternative Education (including Special Education, Learning Labs & Seat Time Waivers)				
Cooperative Education (including Special Education & Career and Technical/Vocational Education)				
Home Based				
Homebound/Hospitalized				
Non-Public and Home Schooled				
Part-Time				
Postsecondary Enrollment				
Early College, High School or Middle College Programs				
Reduced Schedule				
Schools of Choice				
Special Education Early Childhood				
Special Education Transition				
Suspended/Expelled				
Virtual High School and Distance Learning				
Work-Based Education				
Experiential Learning				

SECTION 5
Audit Reports, Repayments and Appeals

Page 48 Audit Report Requirements

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SECTION 5 – 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. A **sample** narrative format is provided in Appendix C. 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 2009 and February 2010 narratives are due on November 15, 2010.
- 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 count date of the prior field audit; 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. **(See Standard Audit Finding, appendix B).**
 5. Contain the specifics of FTE changes such as student name, course, and the reason for questioning the membership **(see FTE Adjustment Form, Appendix A)**. This shall be reconciled and tied into the DS-4120 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. Electronically submit the narrative to MDE at: MDE-Pupilaudits@mi.gov.
- D. 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 Department's Administrative Law staff 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 Department's Administrative Law staff. 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 and 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.

APPENDICES

- A. FTE Adjustment
- B. Audit Findings
- C. Sample Audit Narrative
- D. Statement of Independence
- E. Confirmation Request

AUDIT FINDINGS – SPECIFIC AND GENERAL

NBR	ABBREV	DESCRIPTION	LEGAL REFERENCE
S1	Absence - 30 Day	Pupil/s had an excused absence on the count day and did not return to school within 30 calendar days after the count day and was/were listed on the building alpha list and claimed for state aid.	Administrative Rule 340.7(6); Section 6(8) of the State School Aid Act
S2	Absence - 10 Day	Pupil/s had an unexcused absence on the count day and did not return to school within ten school days and was/were listed on the alpha list and claimed for state aid.	Administrative Rule 340.7 (6); Section 6(8) of the State School Aid Act
S3	Absent	Pupils left the district before the count date and didn't return.	Section 6(8) of the State School Aid Act
S4	Attendance - FTE adjusted for classes attended	The FTEs for pupil/s were adjusted to reflect the number of classes attended during the count period.	Section 6(8) of the State Aid Act; Administrative Rule 340.7
S5	Enrollment - After the count date	Pupil/s who enrolled after the count day was/were listed on the alpha list and claimed for state aid.	Administrative Rule 340.2; Section 6(8) of the State School Aid Act
S6	Enrollment - Attendance before the count day	District was unable to document the reason why pupil/s did not attend any classes on or before the count day.	Administrative Rule 340.2; Section 6(8) of the State School Aid Act
S7	Alpha Roster - Duplicate Pupil	Pupil/s was/were listed twice on the alpha list, resulting in a claim of more than 1.0 FTE.	Section 6 of the State School Aid Act
S8	Duplicate Pupil Count	Pupils counted in more than one district for an FTE total greater than 1.0.	Section 6(4)(a) of the State School Aid Act, Administrative Rule 340.2
S9	Alpha Roster - Pupils not on list but eligible	The auditor verified the eligibility of pupil/s, which were not included on the original alpha list and not claimed for state aid.	Section 6(8) of the State School Aid Act
S10	Attendance- Other		
S11	Pupil Schedule	Pupils were claimed for a full membership but pupil is not scheduled for a full day and there is no detail regarding dual enrollment, reduced schedule, etc.	Administrative Rule 340.7; Section 6(8) of the State School Aid Act; Section 5F of the 2007 Michigan Department of Education Pupil Accounting Manual.

S12	Age - 5 by December 1	Pupil/s was/were not age five as of December 1 of the current school year and was/were listed on the alpha list and claimed for state aid.	Section 6(4)(l) of the State School Aid Act
S13	Age - under age 20 by September 1	Pupil/s who was/were not under the age of 20 (age 26 if Special Ed) as of September 1 of the current school year was/were listed on the alpha list and claimed for state aid.	Section 6(4)(l) of the State School Aid Act
S14	General Ed/Special Ed split	The FTE split between General Education and Special Education was inaccurate.	Section 6(8) of the State School Aid Act
S15	General Ed/Special Ed split	Cooperative Education pupil was counted in both General Education in one district and Special Education in another, resulting in FTE greater than 1.0.	Section 6(8) of the State School Aid Act
S16	General Ed/Special Ed split	Special Education pupils over 20 attended General Education classes and not counted on the SDS.	Section 6(4)(l) of the State School Aid Act
S17	Special Ed - Section 53 to 52	Pupils reported as Section 53 was not approved by MDE so changed to Section 52.	
S18	Special Ed - Section 52 to 53	Pupils reported as Section 52 was approved by MDE so changed to Section 53.	
S19	Special Ed - Ancillary Services Only	Pupils was receiving ancillary services only and not eligible to be counted in membership.	
S20	Special Ed - Wrong Category	Pupils were reported in the wrong Special Education category.	
S21	Juvenile Home	Pupils were in attendance and claimed by a juvenile facility.	Section 24 of the State School Aid Act
S22	Residency Requirements	Pupils did not meet the residency requirements.	Section 3 of the 2007 Michigan Department of Education Pupil Accounting Manual, Administrative Rule 340.2
S23	Nonresident Pupil - Waiver/Release	The educating district received a waiver/release from the nonresident pupil's district of residence making the pupil's eligible to be counted in membership.	Section 4 of the 2007 Michigan Department of Education Pupil Accounting Manual, Administrative Rule 340.2(10)
S24	Pupil - High School Diploma	Pupils previously received a high school diploma and therefore, are not eligible to be counted in membership.	Section 6(4)(n) of the State School Aid Act

S25	Learning Lab	FTE claimed for the learning lab classes exceeded the FTE for the same class in a traditional setting.	Section 5A of the 2007 Michigan Department of Education Pupil Accounting Manual, Administrative Rule, 340.13
S26	Alternative Ed - Other		
S27	Cooperative Ed - Other		
S28	Homebased Services	Record of service was not maintained for pupil/s that was/were identified on the alpha list as receiving instruction under the homebased provision.	Section 5C of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 6(4)(u) of the State School Aid Act, Administrative Rule 340.2
S29	Homebased Services	Pupil/s identified on the alpha list as receiving homebased instruction did not receive the required hours of instruction per week by a certified teacher during the count period.	Section 5C of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 6(4)(u) of the State School Aid Act, Administrative Rule 340.2
S30	Homebased Services	Pupils were not a mandatory expulsion, so FTE for homebased services must be prorated.	Section 5C and 5N of the 2007 Michigan Department of Education Pupil Accounting Manual; Revised School Code: 380-1310-1311a, Administrative Rule 340.2
S31	Homebased - Other		
S32	Homebound Hospitalized - Service	Record of service was not maintained for pupil/s that was/were identified on the alpha list as receiving instruction under the homebound/hospitalized provision.	Administrative Rule 340.2; Section 109 of the State School Aid Act, Section 5D of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education's publication, "Homebound and Hospitalized Service for Public School Pupils."
S33	Homebound Hospitalized - Hours of Instruction	Pupil/s identified on the alpha list as receiving homebound/hospitalized instruction did not receive the required hours of instruction per week by a certified teacher during the count period.	Administrative Rule 340.2; Section 109 of the State School Aid Act; Section 5D of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education's publication, "Homebound and Hospitalized Service for Public School Pupils."

S34	Homebound Hospitalized - Physician's Certification	A physician's certification was not on file for homebound/hospitalized pupils; therefore, the membership was reduced to reflect the actual hours of instruction.	Administrative Rule 340.2; Section 109 of the State School Aid Act, Section 5D of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education's publication, "Homebound and Hospitalized Service for Public School Pupils."
S35	Homebound Hospitalized - Other		
S36	Non-Public Part Time Pupils	Non-public part-time pupils received instruction in core classes.	Section 5E of the 2007 Michigan Department of Education Pupil Accounting Manual, Sections 6(4), 6(6) and 166b of the State School Aid Act, Administrative Reference: Rule 340.2, Court Cases: Agostini v. Felton, Clonlara v. State Board of Education, Snyder v. Charlotte Public Schools, and School District of Traverse City v. Attorney General.
S37	Non-Public Part Time Pupils - Other		
S38	FTE for Part-Time Pupils	Specific pupil was claimed for FTE greater than hours of instruction scheduled/provided.	Administrative Rule 340.7; Section 6(8) of the State School Aid Act; Section 5F of the 2007 Michigan Department of Education Pupil Accounting Manual.
S39	Part-Time Pupils - Other		
S40	Postsecondary Enrollment	District did not pay the eligible charges for the postsecondary courses.	Section 5G of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 21(b) of the State School Aid Act, Administrative Rule 340.17
S41	Postsecondary Enrollment - Other		
S42	Reduced Schedule	Pupil/s did not meet the best educational interest criteria to be eligible for a reduced schedule. Therefore, the membership was adjusted to reflect the appropriate FTE for the number of scheduled hours.	Section 101(7) c of the State School Aid Act; Section 5H of the 2007 Michigan Department of Education Pupil Accounting Manual.
S43	Reduced Schedule	The school did not fill out the appropriate reduced schedule forms. Therefore, the membership was adjusted to reflect the appropriate FTE for the number	Section 101(7) c of the State School Aid Act; Section 5H of the 2007 Michigan Department of Education Pupil Accounting Manual.

		of scheduled hours.	
S44	Reduced Schedule - Other		
S45	Schools of Choice	District does not have a signed cooperative agreement with resident district covering Special Education pupils.	Section 5I of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 105c of the State School Aid Act, Administrative Rule 340.4
S46	Schools of Choice - Other		
S47	PPI - Service	The reported FTE for preprimary-aged special education pupil/s did not reflect the service provided during the count period.	Administrative Rule 340.1754, 340.1755; Section 5K of the 2007 Michigan Department of Education Pupil Accounting Manual.
S48	Special Ed Early Childhood - Other		
S49	Special Ed Pupil Transition - Other		
S50	Mandatory Expulsion	Mandatory expulsion pupils were being educated with the general population.	Section 5N of the 2007 Michigan Department of Education Pupil Accounting Manual; Revised School Code: 380.1310-1311a.
S51	Suspended and Expelled - Other		
S52	Michigan Virtual High School and Distance Learning	Virtual and distance learning pupils were not mentored by an on-site teacher.	Section 5-O of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 98 of the State School Aid Act, Administrative Rule 340.11
S53	Michigan Virtual High School and Distance Learning	Courses are at the pupil's self-scheduled time and place and pupil's schedule exceeded the two courses limit for virtual or distance learning classes.	Section 5-O of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 98 of the State School Aid Act, Administrative Rule 340.11
S54	Michigan Virtual High School and Distance Learning	District did not pay applicable charges for virtual or distance learning classes.	Section 5-O of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 98 of the State School Aid Act, Administrative Rule 340.11.
S55	Michigan Virtual High School and Distance Learning	Pupils were not in attendance during the count period.	Section 5-O of the 2007 Michigan Department of Education Pupil Accounting Manual; Section 98 of the State School Aid Act, Administrative Rule 340.11.

S56	Michigan Virtual High School and Distance Learning - Other		
S57	Work Based - Attendance	Attendance records was/were not maintained for pupil/s participating in a work-based education program.	Administrative Rule 340.15; Section 5P of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education publication, "Cooperative Education Plan Guidelines for Career and Technical Education."
S58	Work Based - Training Plan	Training plan and training agreement was/were not completed for pupil/s participating in a work-based education program.	Administrative Rule 340.15; Section 5P of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education publication, "Cooperative Education Plan Guidelines for Career and Technical Education."
S59	Work Based	Certified teacher/coordinator employed by the district failed to monitor pupils' work with site visits as required.	Section 5P of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education publication, "Cooperative Education Plan Guidelines for Career and Technical Education." Administrative Rule 340.15
S60	Special Ed Work Site Based	Pupils' Special Ed work site based files were missing one or more of the requirements to count in membership, i.e., training plan or training agreement incomplete, not aligned with IEP/EDP, no safety training, no visitation log, no workers comp/general liability insurance, etc.	Administrative Rule 340.15; Section 5P of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education publication, "Cooperative Education Plan Guidelines for Career and Technical Education."
S61	Work Based General Education	The pupil's work based files were missing one or more of the requirements to count the work based placement in membership, i.e., training plan or training agreement incomplete, not aligned with EDP, no safety training, no visitation log, no workers comp/general liability insurance, etc.	Administrative Rule 340.15; Section 5P of the 2007 Michigan Department of Education Pupil Accounting Manual; Michigan Department of Education publication, "Cooperative Education Plan Guidelines for Career and Technical Education."
S62	Work-Based - Other		
S63	Experiential Learning Courses - Other		Section 6 of the 2007 Michigan Department of Education Pupil Accounting Manual, Administrative Rule 340.14.

S64	Other		
S65	Adult Ed-Other		
G1	Good Job	Overall, the district did a good job on reporting for pupil accounting.	
G2	Alpha List - Nontraditional Pupils	All nontraditional pupils (populations II and III) must be identified on the alpha list with the appropriate alpha code/s or on a separate list.	
G3	Reports - Summary Validation Reports	District must submit all computer-generated summary reports needed to validate FTEs as reported on the DS-4061.	
G4	Alpha Roster - Last Name First by Grade	The alpha list must list all eligible pupils in alphabetical order, last name first by grade level.	
G5	Alpha List - FTE by pupil and grade total	The alpha list must indicate a FTE for each pupil, as well as the FTE total for each grade level. The grade level total on the alpha list should match the grade level total shown on the DS-4061.	
G6	Attendance Records - Markings	A mark/symbol must be used to indicate on the attendance record the first day a pupil appears in class for instruction. We recommend using the letter "E" for this purpose.	
G7	Attendance Records - Teacher marks	All teachers must use the attendance marks stipulated in the district's/PSA's policy.	
G8	Attendance Records - Available	Teacher attendance records must be available at the time of the field audit and should be organized weekly beginning with the week prior to count, count week and the four weeks following count.	
G9	Attendance Records - Inaccurate	The pupil's attendance was inaccurately reported, i.e., pupil dropped but marked as present in attendance records, pupil absent on count day and incorrect return date reported, pupil marked as present by teacher but absent by office, etc., This raises questions about the accuracy of attendance records.	

G10	Attendance Records - Add/Drop marks	The date a pupil drops/adds a class should be clearly indicated on the attendance record, e.g., "transferred to Eng 101, date" on the attendance record for the dropped class" and "transferred from Eng 100, date" on the attendance record for the added class.	
G11	Attendance - Teacher, Class, Hour, Dates	Each attendance record must clearly identify teacher, class, hour, and dates of instruction.	
G12	Attendance - Markings in Teacher Records	Attendance markings should be easily readable and entered on a separate line or separate page so that they will be distinguishable from grades, scores, and other markings.	
G13	Attendance - Do not Obliterate Names	Do not obliterate pupil names from the official attendance record. In the event that a pupil transfers or drops a class, draw a single line through the name and make a notation at the end of the line: transferred to Eng 101 or dropped 9/27.	
G14	Attendance - Teacher Signature	If using computer generated attendance records, they must be verified, signed and dated weekly by the classroom teacher.	
G15	Attendance - Absent on the Count Day	Only those pupils absent on any portion of the count day should be included on the ten-day worksheet.	
G16	Attendance - Official Record	We strongly recommend that teachers maintain only one official attendance record. Maintaining more than one creates a situation where records may not match, leading to questions about their validity.	
G17	Attendance - 10/30 day Middle School/High School	For middle and high schools: A ten-day worksheet must be compiled for every building for every hour claimed for state aid and list each pupil who is absent on the count day from that specific building.	
G18	Attendance - 10/30 day Elementary	For elementary schools: A ten-day worksheet must be prepared for every building, indicating the appropriate grade level and listing each pupil who is absent on the county day.	

G19	Attendance - Excused Absence Documentation	Excused absences on the count day must be documented in writing, indicating date of absence, reason for absence, name of school official who compiled the documentation and the date documented.	
G20	Attendance - Indicated on the Alpha List	Please use a highlighter color other than pink or yellow to indicate on the alpha rosters those pupils who were absent on the count day.	
G21	Alpha Lists and Summary Reports on the Same Day	Alpha lists and summary reports should be generated on the same day to preserve integrity and accuracy of the reports.	
G22	Attendance - Take Every Class	Attendance MUST be taken in every class/program/block claimed for state aid.	
G23	Attendance Records - Retention	Pupil attendance records must be maintained for three entire school years.	
G24	Enrollment - Records Retention & 75% log	A daily record of total enrollment, # of pupils' present/absent, % of pupils present/absent must be on file for 3 years. The record is required to validate the requirement that 75% of the pupils be present for a day of instruction to be counted.	
G25	Alpha List - Name of School	Please indicate the school/academy name and count day (e.g., Fall 2001-02 or Supplemental 2001-02) at the top of each page of the grade level alpha list.	
G26	Alpha List - Only Pupils Eligible	Only those pupils who meet attendance and other state aid eligibility requirements should be listed on the alpha list and claimed for state aid.	
G27	Pupil schedules	Pupil schedules, accurately reflecting the classes on the count day, must be furnished to the auditor.	
G28	Residence - List	All nonresidents must be identified with the appropriate nontraditional (pop III) code AND district of residence codes or on a separate list.	
G29	District of Residence	Incorrect in SDS. The pupil's resident district was incorrectly reported in SDS.	
G30	Residency Code	Incorrect in SDS. The pupil's residency code was incorrectly reported in the SDS (formerly field 30).	

G31	Alpha List- Absence marks	Each pupil who is absent in any class on the count day must be identified on the alpha list.	
G32	Alpha List - Review for accuracy	Alpha Rosters should be reviewed for completeness and accuracy prior to submission in the reporting packet to the ISD/RESA auditor/s.	
G33	Alpha List - Must have 3 FTE columns	The alpha list must include three FTE columns: General Education FTE, Special Education FTE, and Total FTE. The Total FTE must be less than or equal to 1.00 FTE.	
G34	Alpha List - Signature	The last page of the alpha list must be signed and dated by a school official.	
G35	Alpha List & Attendance lists in same order	Pupils must be listed in the attendance records in the same manner, (i.e., last name, first name) they are listed on the building alpha list. Do not use nicknames or only first names.	
G36	Special Ed - Supporting Documentation	District must submit Special Education computer-generated summary sheets to support the FTEs (both general and special ed.) for special education pupils as reported on the DS-4061.	
G37	Special Ed - SDS/Worksheets	The Special Ed worksheets A/B do not match what was reported in SDS.	
G38	Alpha List & SDS	Reconciliation of the FTEs on the Alpha list does not match the Single Record Student Database (SDS) submission.	
G39	Alpha List & SDS - Special Education	Reconciliation of the FTEs on the Alpha list and the Special Education worksheets do not match the Single Record Student Database (SDS) submission.	
G40	Calendars - Signed	Calendars must be signed	
G41	Calendars - Inaccurate	Calendar must accurately reflect the actual days and hours of pupil instruction.	

Sample Narrative
STATE AID MEMBERSHIP AUDIT REPORT
Count Day: 02/14/2004

ISD/RESA: Shiawassee Regional Education Service District
District/PSA: Shiawassee Regional ESD (78000)

I. INTRODUCTION

The pupil accounting records were audited in accordance with Pupil Accounting Administrative Code Rules, the State School Aid Act, the MDE Pupil Auditing Manual, and other pertinent statutes. The purpose of the audit was to determine whether the membership claim was accurate and that the pupil accounting procedures and practices used by the school district were adequate to ensure a proper pupil count. The audit was performed in accordance with interpretations contained in the Michigan Department of Education Pupil Auditing Manual. The audit frequency is in compliance with Department policy.

Building/Program	Date of Prior Field Audit	Adjustment	Auditor	Audit Time	Percent Tested		
					Pop I	Pop II	Pop III
Shiawassee Elem. School		0.00	Karen Eisinger	2 hrs.	5%	10%	10%
Shiawassee Middle School		0.00	Karen Eisinger	5 hrs.	10%	10%	10%
Shiawassee High School		-0.43	Karen Eisinger	6 hrs.	10%	10%	10%

II. Results

We recommend that the following adjustments be made to this count.

	Unaudited FTE Count	Findings	Audited FTE Count
Special Education	100.33	-0.33	100.00
General Education	139.17	-0.10	139.27
Adult Education	0.00	0.00	0.00
TOTAL	239.50	-0.43	239.07

III. SPECIFIC FINDINGS

SPECIAL EDUCATION

Desk Audit

Finding S10

Specific pupil was claimed for FTE greater than hours of instruction scheduled/provided.

Recommended FTE Adjustment

-0.33 FTE

Legal Reference

Administrative Rule 340.6 and 340.7; Section 6(8) of the State School Aid Act

Field Audit

GENERAL EDUCATION

Desk Audit

Field Audit

Finding S10

Specific pupil was claimed for FTE greater than hours of instruction scheduled/provided.

Recommended FTE Adjustment

-0.10 FTE

Legal Reference

Administrative Rule 340.6 and 340.7; Section 6(8) of the State School Aid Act

ADULT EDUCATION

Desk Audit

Field Audit

IV. GENERAL FINDINGS

Desk Audit

Finding G21

The alpha list must include three FTE columns: General Education FTE, Special Education FTE, and Total FTE. The Total FTE must be less than or equal to 1.00 FTE.

Field Audit

Finding G7

All teachers must use the attendance marks stipulated in the districts/PSA's policy.

Finding G18

Do not obliterate student names from the official attendance record. In the event that a student transfers or drops a class, draw a single line through the name and make a notation at the end of the line: transferred to Eng 101 or dropped 9/27.

Additional Comments

Field Audit results for Shiawassee High School were discussed with the Principal, pupil accounting personnel and district pupil accounting personnel.

V. APPEAL PROCESS

If pertinent documentation regarding findings was not provided to the auditor at the time of the audit, please contact _____ within 10 calendar days after the date of this report so that it can be determined if reinstatement is appropriate at this level. Otherwise within 30 days of receipt of this audit narrative, formal appeal of any of the findings may be instituted by contacting Ms. Kathleen Weller, Director of Audits, Michigan Department of Education, P.O. Box 30008, Lansing, Michigan 48909.

Pupil Accounting Auditor:

Signature _____

Date

Printed Name _____

STATEMENT OF INDEPENDENCE

Auditor Name		
I certify that with all local districts, I have:	Check if Independent	List Exceptions
<ul style="list-style-type: none"> • Not been previously employed or contracted (within two years) 		
<ul style="list-style-type: none"> • No personal or financial interest 		
<ul style="list-style-type: none"> • No relatives currently employed 		
With respect to the programs operated by the ISD, I certify that:		
<ul style="list-style-type: none"> • I am organizationally independent 		
<ul style="list-style-type: none"> • I am objective 		
Explain exceptions and their resolutions:		
<p>I ATTEST THAT THE ABOVE INFORMATION IS FACTUAL:</p> <p>Auditor's Signature: _____ Date: _____</p> <p>IN THE CASE OF EXCEPTIONS, I AGREE WITH THE ABOVE RESOLUTION:</p> <p>Auditor's Supervisor's Signature: _____ Date: _____</p>		

_____ School District

Pupil Auditing Procedures Completed by _____ ISD

Count Dates _____

Purpose – This form provides standard information for the public accountant who is auditing this district. The work done by ISD auditors and the results of the audit are considered by the public accountant when designing his/her audit procedures. This optional form is provided by the Michigan Department of Education at the request of several ISD representatives who wanted a standard reporting form.

1. Please identify the individual(s) who audited the pupil membership counts for the count dates identified above. Please also include their years of experience, education, and any recent pupil membership training they have attended.

<u>Auditor</u>	<u>Years of Experience</u>	<u>Education</u>	<u>Training (Date, Title)</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2. Please indicate any relationships the pupil membership auditors may have with the local school district or its employees that may impair the pupil membership auditor’s independence.

3. Desk audits were performed for the following buildings/programs for the:

February Count: _____

September Count: _____

4. Field audits were performed for the following buildings/programs for the:

February Count: _____

September Count: _____

5. Please report the number of state aid memberships:

	<u>General Ed K-12</u>	<u>Special Ed K-12 Sec. 52</u>	<u>Special Ed K-12 Sec. 53</u>	<u>Total</u>
February	_____	_____	_____	_____

6. Did the ISD use the MDE audit process? ____ Yes ____ No. If not, did the ISD use a standardized approach to the audit process? ____ Yes ____ No. Please describe the audit process used and include a copy of the audit program (not the work papers) if the MDE audit program was not used.

7. As part of your audit procedures, was the district's compilation of the individual building pupil counts into the district-wide total for the SRSD (Form DS-4061) reviewed for reasonableness? ____ Yes ____ No. If no, please explain.

8. Did the local district provide required supporting records for verification of the count? ____ Yes ____ No. If no, please discuss which significant records were missing.

9. Did the ISD auditor perform a building risk assessment and perform sampling based on the risk assessment? ____ Yes ____ No. Please describe the risk factors considered and the sampling method used.

10. Were higher risk programs and issues considered in the scope of the audit? (Examples include: alternative education, adult education, postsecondary enrollment, reduced schedule, non-public shared-time, work-based education.) ____ Yes ____ No. If no, please explain.

11. For pupils absent on the count day, did the audit scope include procedures to verify that pupils included in the count properly returned to school within the 10- or 30-day periods? ____ Yes ____ No. If no, please explain.

12. Were any building error rates greater than 5%? ____ Yes ____ No. If yes, describe the results of the expanded audit procedures.

13. Were any building error rates greater than 10%? ____ Yes ____ No. If yes, describe the actions taken.

14. Was the most recent DS-4168 reviewed? Please indicate any exceptions or shortages of days or hours. ____ Yes ____ No.

Although the current year's DS-4168 is not due until August, did you review (as a matter of assistance to the local district) the current school year calendar for compliance with the current year minimum days and hours? If yes, please explain any potential shortages noted. ____ Yes ____ No.

Results

1. Were all pupil accounting adjustments included in the pupil auditor's narrative report? ____ Yes ____ No. If no, please explain.

2. Based on the result of the ISD pupil count audit, in the ISD auditor's opinion, does the local school district have an adequate process for computing a substantially accurate membership count in accordance with the Pupil Accounting Manual? ____ Yes ____ No.

3. Does the ISD auditor have any reason to believe that significant errors might exist that were not detected in the audit? ____ Yes ____ No. If yes, please explain (including the amount of the potential adjustment).

4. Please indicate any additional information concerning pupil membership which you feel would be helpful in completing the financial audit.

Completed by: _____ Date: _____

Title: _____

EXIT STATUS, DROP OUT RATES AND GRADUATE RATE AUDITS

Page 69	Introduction
Page 69	Audits of Active Cohorts
Page 73	Audits of GAD Cohorts
Page 74	Acceptable Exit Status Documentation

Exit Status, Drop-out Rate and Graduation Rate Audits

Introduction

Section 18(7) of the State School Aid Act requires an audit of pupil exit statuses and other pupil data used in calculating annual graduation and pupil dropout rates.

This is a temporary procedure to be used with the Graduation and Dropout Review and Comment Application (GAD). As the Michigan Student Data System (MSDS) continues to be deployed and matures, these audit procedures will be reformatted to complement the MSDS.

Audits of Active Cohorts

Auditors will review all submitted data on an annual basis. An annual audit ensures that auditors are not auditing multiple pupil exit code changes throughout the year and also ensures that there are not conflicts between auditor findings and submitted data applied to the cohort.

The annual audit can be done as a desk or a field audit. A small sample of exit codes are selected from each high school building scheduled for a field audit of FTE in that school year. This methodology does call for an audit of all buildings identified as an outlier on this annual schedule.

MSDS will provide alpha lists with exit status for each cycle should auditors choose to complete part of their audit throughout the school year instead of in the subsequent fall. Auditors choosing this method should be cautioned that students selected for auditing during the school year may not appear on the official cohort list for auditing due to student mobility. Final exit status may have also changed for a student between the time they were audited and the final disposition reported for that school year. The information on the final disposition will be reflected on the GAD student history report.

Note: If this audit is performed by an audit firm rather than the ISD auditor, the ISD will provide the firm with the necessary student reports. Audit firms should request this data timely.

Technical Summary	Example for the 2009-2010 school year audit cycle (dates approximate based on planned timeline).
1. CEPI will update the cohort tables and the GAD each fall after the final disposition has been reported on all students for the prior school year. Outlying buildings will be identified and flagged as such.	2008-2009 school year final dispositions are reported in MSDS via student maintenance collection by mid October, 2009.
2. ISD auditors will be given access to the GAD approximately three weeks after final disposition has been	2008-2009 school year final dispositions are available in GAD mid-November for

reported.	students in the 2009, 2010, 2011 and 2012 cohorts.
3. The GAD will open for six weeks for auditors to record findings on the four active cohorts for the audited school year	ISDs audit 2008-2009 exit status codes reported for students in the 2009, 2010, 2011, and 2012 cohorts from mid-November through mid-December.
4. Auditors may remove findings if districts provide them with the appropriate documentation during the six week audit period.	Mid-November to mid-December, 2009.
5. CEPI will apply all audit findings to the four audited cohorts.	Late December, 2009.

Audit Steps for Graduates and Completers

These are pupils that the district reported that graduated or completed with the following exit statuses:

Definition	Exit Status
Graduated from general education with a diploma	01
Graduated from general education with a diploma and applied to a degree-granting college/university	02
Graduated from an alternative program with a diploma	03
Graduated from general education and applied to a non-degree-granting institution	04
Completed general education with an equivalency certificate (GED)	05
Completed general education with other certificate (e.g., certificate of attendance, district competency test)	06
Received special education certificate of completion and exited the kindergarten through 12 th grade (K-12) system	20
Special education – reach maximum age and exited the K-12 system	21
Graduated from a Middle College with both a high school diploma and an Associates Degree or other advanced certificate	40
Graduated from a Middle College with only a high school diploma	41

Steps

1. Randomly select a representative 2% sample of pupils for testing from the buildings scheduled for field audits in that school year (both fall and spring counts). The sample should be selected from final disposition for the school year as reflected in the student lists in the GAD. Provide the list to the district and request supporting documentation.
2. Review supporting documents for compliance with the Table of Acceptable Exit Status Documentation. Note: Auditors may find it to be more efficient to obtain the district's lists

of graduates/completers before starting the audit so that they can simultaneously select pupils for sample and determine compliance.

3. Determine the error rate. If it is above 5%, pull an additional 10% sample and test. Continue this process until the cumulative error rate is 5% or lower or all graduate and completer records are reviewed.
4. Enter findings into the GAD. **Change the exit code to “status unknown” if the district does not provide supporting documentation.**
5. Appeals should be directed to the Office of Educational Assessment and Accountability.

Audit Steps for Exempt Pupils

These are pupils that are “exempt” from the graduation rate calculation, that is, the district reported as the following exit statuses:

Definition	Exit Status
Moved out of state	09
Deceased	12
Enrolled in home school	14
Enrolled in non-public school	15

Steps

1. Randomly select a representative 5% sample of pupils for testing from the buildings scheduled for field audits in that school year (**both fall and spring counts**). The sample should be selected from final disposition for the school year as reflected in the student lists in the GAD. Provide the list to the district and request supporting documentation.
2. Review supporting documents for compliance with the Table of Acceptable Exit Status Documentation.
3. Determine the error rate. If it is above 5%, pull an additional 10% sample and test. Continue this process until the cumulative error rate is 5% or lower or all exempt records are reviewed. Note: If the underlying errors are isolated, informed professional judgment allows the auditor to focus the sample expansion on the subpopulation with the isolated error.
4. Enter findings into the GAD. **Change the exit code to “status unknown” if the district does not provide supporting documentation.**
5. Appeals should be directed to the Office of Educational Assessment and Accountability.

Audit steps for Outliers

The audit rotation schedule will result in approximately half of the high school buildings being unaudited. In order to provide assurance for the unaudited data, CEPI will analyze student data submissions for that school year and identify buildings whose number of certain reported exit statuses exceeds preset thresholds. If a high school is not scheduled for an exit code audit but is determined to be an outlier, the ISD auditor will audit the exit codes in the building(s) identified as exceeding thresholds. This population is considered to be high risk.

Outliers are determined based on one-year of exits. However, because this is a cohort, it does include multiple years of data. Although multiple years of data are included, only the active cohort year needs to be audited. The collection cycle column can be sorted by the “Exit Date.”

Sorting this column puts Exit Dates together by year making it easier to select sample students from only the required active cohort year.

In the GAD Application, you can either select the school district from the Dashboard or in the Audit Findings Student List. Once in the Audit Findings Student List follow these steps:

1. Select the district from drop down if not selected in the Dashboard
2. Select building from drop down
3. Select exit code from drop down
 - Selecting “exempt” from the drop down puts all the exempt codes in one list
 - Selecting “graduates” puts all the graduate codes in one list OR
 - Select individual codes to get individual lists

Once you have the list you want, click on the “Exit Date” column. This will put the list in order by exit date making it easier to select students who exited from the previous school year to audit.

Steps

1. Randomly select a representative sample of pupils from each category identified as exceeding thresholds. The sample should be 10% of exempt codes and 2% of completer codes. The sample should be selected from final disposition for the school year as reflected in the student lists in the GAD. Provide the list to the district and request supporting documentation.

Although outlier reports are designed to point to high risk data, if the auditor determines that there is a legitimate reason for the anomaly, the auditor may request in writing an exception from the Director of the Office of Audits. An example of this would be if a high school experiences a significant increase in enrollment, it logically would experience an increase in completers.

Note: Outlier reports are designed to identify higher than expected exempt and completer exits. In addition, outlier reports will now include lower than expected completers. In those cases, the auditor does not need to perform the following tests but should discuss the accuracy of the completer exit codes with district staff. This may result in additional audit findings for impacted exit code statuses or in the district submitting exit status changes via the GAD or MSDS Student Record Maintenance collection.

2. Review supporting documents for compliance with the Table of Acceptable Exit Status Documentation.
3. Determine the error rate. If it is above 5%, pull an additional 10% sample and test. Continue this process until the cumulative error rate is 5% or lower or all exempt records are reviewed. Note: If the underlying errors are isolated, informed professional judgment allows the auditor to focus the sample expansion on the subpopulation with the isolated error.
4. Enter findings into the GAD. Change the exit code to “status unknown” if the district does not provide supporting documentation.
5. Appeals should be directed to the Office of Educational Assessment and Accountability.

Audits of the GAD Cohorts

The Graduation/Dropout Review and Comment (GAD) application permits districts to request final appeals to individuals' exit status and view audit findings. Districts will be expected to provide documentation supporting each change to the ISD auditors who will review the documentation and either approve or deny the changes during GAD appeal window. Districts are responsible for pulling the reports to review their data. The auditors' findings will be reported in the GAD application that the districts will be able to view.

The pupils for whom the district requested after-the-fact changes in the pupils' exit statuses via the GAD application are considered high risk pupils for audit purposes.

The district appeal window will last four weeks. The auditor window will extend an additional four weeks after the district deadline.

Technical Summary	Example for the 2009-2010 school year audit cycle (dates approximate based on planned timeline).
1. GAD Audits: The GAD will open for four weeks for districts to submit final exit record appeals for the previous year four-year cohort.	Districts may request final appeals for the 2009 cohort January 2010.
2. GAD Audits: Auditors will have the four week district window plus an additional four weeks to approve or deny final exit record appeals for the prior year four-year cohort.	Auditors review exit status change requests for the 2009 cohort January through – February 2010.

Audit steps

1. ISD auditors should make arrangements with the district person making the GAD corrections to ensure that he/she submits documentation supporting each change or make other arrangements to review the district's documentation.
2. During the appeal window, pull the "Pending Approval List" from the GAD.
3. Review supporting documents for all exit status changes for compliance with the Table of Acceptable Exit Status Documentation.
4. Deny requests without acceptable supporting documentation and select a reason from the drop down menu in the comment section.
5. Approve changes that are supported with acceptable documentation. Auditors may add comments such as, "the documentation reviewed."

6. From the GAD, pull the alpha report that lists the pupils approved, denied, and the reason by building. As a courtesy, provide that to the district.
7. This is considered the final appeal for the school report card appeal process.

ACCEPTABLE EXIT STATUS DOCUMENTATION

Exit Status	Definition	Allowable Documentation
01, 02, 03, 04, 05, 06, 20, 21, 40, 41	Graduated or completed	<ul style="list-style-type: none"> • Official transcript or diploma. • Official alpha list of graduates/completers from the student management software which includes pupil's name, UIC, date of birth and SRSD completion status. Sorted by building, then by completion status then by pupil's last name.
09	Moved out of state.	<ul style="list-style-type: none"> • Request for the pupil's records (on official letterhead) from an out of state school, • Pupil withdrawal form signed by the parent/guardian or qualified student and authorized district representative indicating where pupil is moving or name of school district the pupil will attend. • Written contemporaneous documentation of an oral statement by the parent/guardian or qualified student signed and dated by an authorized district representative (can be a log.) • Written contemporaneous documentation of an oral statement by a neighbor, parent's employer or colleague or other adult that would have knowledge of the family's move (can be a log.)
12	Deceased	<ul style="list-style-type: none"> • Confirmation from student management software that student is listed as deceased in the software. • Obituary, other newspaper article. • Program from the funeral/memorial service. • Written statement from the parent or guardian. • Death certificate.
14	Enrolled in home school	<ul style="list-style-type: none"> • Written parental statement. • Pupil withdrawal form signed by the parent/guardian or qualified student indicating pupil is being home schooled. • Written contemporaneous documentation of an oral statement by the parent/guardian or

		<p>qualified student signed and dated by an authorized district representative (can be a log.)</p> <ul style="list-style-type: none"> • Parental record request. • Statement by attendance officer (truancy officer.)
15	Enrolled in nonpublic school	<ul style="list-style-type: none"> • Written request for the pupil's records from a nonpublic school. • Pupil withdrawal form signed by the parent/guardian or qualified student indicating name of nonpublic school the pupil will attend. • Written contemporaneous documentation of an oral statement by the parent/guardian or qualified student signed and dated by an authorized district representative (can be a log.) • For nonpublic part-time pupils (shared time) only, documentation that the pupil was shared time such as a letter from the nonpublic school or documentation that the district provided instruction at the nonpublic location.