



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES
OFFICE OF SPECIAL EDUCATION PROGRAMS

DIRECTOR

October 12, 2023

By Email

Honorable Michael Rice
State Superintendent of Education
Michigan Department of Education
608 W. Allegan Street
P.O. Box 30008
Lansing, Michigan 48909
Email: RiceM6@michigan.gov

Dear Superintendent Rice:

The purpose of this letter is to provide an update on the status of the findings and corrective actions identified by the U.S. Department of Education's (the Department) Office of Special Education Programs (OSEP) reported in the Differentiated Monitoring and Support (DMS) monitoring report dated June 26, 2020.

This letter responds to the Michigan Department of Education's (MDE) April 5, 2021, September 27, 2021, November 16, 2022, and March 8, 2023, electronic mail correspondence to OSEP to address the corrective actions noted in the June 26, 2020, DMS report. These findings and corrective actions were identified as result of the DMS activities conducted by OSEP during its on-site visit which occurred the week of September 16, 2019.

Based on a review of all the submitted documents, OSEP is closing the remaining findings identified in the June 26, 2020, monitoring report, and no further actions are required at this time. The summary of monitoring priorities and outcomes chart includes the monitoring component, finding, required actions, OSEP analysis, and status of finding(s) based on the evidence received by OSEP to date. Please note that review of the implementation of MDE's corrective actions to determine if they were, in fact, implemented properly may occur during future reviews of your Federal education programs. Also, be aware that failure to implement the corrective actions may result in additional enforcement actions.

We appreciate your efforts to ensure compliance and improve results for children with disabilities. If you have any questions, please contact your OSEP State Lead.

Sincerely,

Valerie C. Williams
Director
Office of Special Education Programs

cc: State Director of Special Education

SUMMARY OF MONITORING PRIORITIES AND OUTCOMES

MONITORING COMPONENT & FINDING	REQUIRED ACTIONS	OSEP ANALYSIS AND COMMENTS	NEXT STEPS/REQUIRED ACTIONS/STATUS
<p>Fiscal Management</p> <p>1. MDE does not have internal controls, including comprehensive policies and procedures guiding its risk assessment and related tiered fiscal monitoring. OSEP has determined that MDE is in noncompliance with the requirements in 2 C.F.R. §§ 200.303(c) and 200.303(d).</p>	<p>Within 120 days of the date of the letter accompanying this enclosure, MDE must submit:</p> <p>Policies and procedures directing MDE’s risk assessment and related tiered approach to fiscal monitoring (including annual process). Those policies and procedures should contain sufficient detail to address the requirements for internal controls in 2 C.F.R. § 200.303.</p>	<p>On November 16, 2022, and March 8, 2023, MDE submitted policies and procedures that, if implemented, are reasonably designed to ensure that a risk assessment and related tiered monitoring activities are performed each year. Specifically, MDE provided its Michigan Department of Education Program Fiscal Monitoring Manual, which includes sections devoted to Fiscal Risk Assessment Overviews, and Program Finance Monitoring Plans. These sections describe internal controls activities that are aligned with the conditions cited in this findings, and related Federal requirements.</p> <p>Based on a review of MDE’s policies and procedures, OSEP has determined that MDE has developed internal controls including a risk assessment and fiscal monitoring processes that meet the standards in 2 C.F.R. § 200.303. No further actions are required.</p>	<p>CLOSED</p>
<p>Fiscal Management</p> <p>2. OSEP has concluded that, when utilized, the MDE’s PFR on-site monitoring process appears to be reasonably designed to provide fiscal oversight and ensure that IDEA subawards are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms of and conditions of the</p>	<p>Within 120 days of the date of the letter accompanying this enclosure, MDE must submit:</p> <p>Documentation supporting the implementation of MDE’s FFY 2020 tiered monitoring activities, as determined by the risk assessment MDE utilized for its FFY 2019 subgrants. MDE’s monitoring activities should ensure that IDEA subawards are used for authorized purposes, in</p>	<p>On November 16, 2022, and March 8, 2023, MDE submitted documentation supporting the implementation of MDE’s FFY 2021-tiered monitoring activities, as determined by the risk assessment MDE utilized for its FFY 2021 subgrants. Specifically, MDE provided a copy of its FFY 2021 risk assessment, including risk scores and a related level of program fiscal review for each of its 56 intermediate school districts (ISDs). MDE further provided examples of documentation related to its fiscal monitoring, including announcement letters, document request, completed questionnaires</p>	<p>CLOSED</p> <p>OSEP notes that adequate staffing is necessary in order to effectively implement and sustain MDE’s tiered system of monitoring. During OSEP’s monitoring, and subsequent calls with MDE, OSEP notes that changes in key staff, and staffing shortages were barriers to the timely correction of this</p>

MONITORING COMPONENT & FINDING	REQUIRED ACTIONS	OSEP ANALYSIS AND COMMENTS	NEXT STEPS/REQUIRED ACTIONS/STATUS
<p>subaward. However, as reported above, the MDE did not carry out the tiered monitoring activities directed by MDE’s risk assessment, in FFY 2019.</p>	<p>compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved as required by 2 C.F.R. § 200.331(d), and 34 C.F.R. §§ 300.149 and 300.600.</p>	<p>and monitoring protocols, monitoring report, and closeout letter for a Tier 2 and Tier 3 review. MDE also provided documentation supporting its Tier 1 Confirmation of Expenditures, and general ledger reviews, and a copy of the technical assistance tracker that MDE used to document training and support to ISDs on a variety of fiscal topics. Finally, MDE provided OSEP with documentation supporting its resolution of IDEA-related Single Audit findings from its ISDs.</p> <p>Based on the information provided, OSEP has determined that MDE has implemented a system of monitoring activities that are reasonably designed to ensure that IDEA subawards are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved as required by 2 C.F.R. § 200.331(d), and 34 C.F.R. §§ 300.149 and 300.600. No further actions are required.</p>	<p>finding.</p>
<p>Fiscal Management</p> <p>3. MDE disclosed that, since initially providing those subrecipients with IDEA subgrants using the formula described in 34 C.F.R. § 300.705 for base, population, and poverty, MDE has not consistently allocated remaining funds in accordance with the</p>	<p>Within 120 days of the date of the letter accompanying this enclosure, MDE must submit:</p> <p>Documentation demonstrating that any subrecipient that received less than the amount of IDEA Section 611 funds to which it was entitled in FFY 2018 and/or FFY 2019 was made whole, or a plan outlining how MDE will make these subrecipients whole</p>	<p>On September 27, 2021, MDE submitted documentation supporting the actions taken to address this finding and make whole those ISDs that did not receive full funding in FFY 2018 and 2019. Specifically, MDE provided Update of State Agency Allocations tables, and screenshots from the Michigan’s Electronic Grants Management System Plus (MEGS+) demonstrating that corrections were made for any subrecipient that received less than the amount of IDEA Section 611 funds to which it was entitled in FFY 2018 and FFY 2019. MDE</p>	<p>CLOSED</p>

MONITORING COMPONENT & FINDING	REQUIRED ACTIONS	OSEP ANALYSIS AND COMMENTS	NEXT STEPS/REQUIRED ACTIONS/STATUS
<p>requirements in 34 C.F.R. § 300.705(b)(3). OSEP has determined that MDE is in noncompliance with the requirements above and has determined that MDE is in noncompliance with the requirements in 34 C.F.R. § 300.705(b)(3).</p>	<p>during FFY 2020, in accordance with 34 C.F.R. § 300.705.</p>	<p>noted that adjustments were made using State set-aside funds, and that no ISDs were asked to return IDEA funds for FFY 2018 and FFY 2019.</p> <p>Based on a review of the documentation submitted, OSEP has determined that MDE has made whole subrecipients that received less than the amount of IDEA Section 611 funds to which they were entitled in FFY 2018 and FFY 2019. No further actions are required.</p>	
<p>Fiscal Management</p> <p>4. MDE disclosed that, since initially providing those subrecipients with IDEA subgrants using the formula described in 34 C.F.R. § 300.705 for base, population, and poverty, MDE has not consistently allocated remaining funds in accordance with the requirements in 34 C.F.R. § 300.705(b)(3). OSEP has determined that MDE is in noncompliance with the requirements above and has determined that MDE is in noncompliance with the requirements in 34 C.F.R. § 300.705(b)(3).</p>	<p>Within 120 days of the date of the letter accompanying this enclosure, MDE must submit:</p> <p>Revised policies and procedures ensuring that, prospectively MDE will allocate IDEA Part B Section 611 subgrants to all eligible subrecipients in accordance with 34 C.F.R. § 300.705.</p>	<p>On April 5, 2021, MDE submitted documentation, including its Michigan Department of Education Office of Special Education Policies and Procedures for IDEA Part B Section 611 Subgrants to All Eligible Subrecipients (Flowthrough) in Accordance with 34 C.F.R. § 300.705. Those procedures describe MDE’s annual processes for ensuring the accuracy of allocations to its ISDs.</p> <p>Based on a review of MDE’s policies and procedures OSEP has determined that MDE has policies and procedures that are reasonably designed to ensure the accurate allocation of IDEA Part B 611 subgrants to all eligible subrecipients in accordance with 34 C.F.R. § 300.705. No further actions are required.</p>	<p>CLOSED</p>