



Michigan's Administration of the Governor's Emergency Education Relief Fund Grant

September 14, 2022
ED-OIG/A20GA0039

ED OIG Oversight of Coronavirus Response Funds



NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

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**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL**

Audit Services

September 14, 2022

The Honorable Gretchen Whitmer
Governor, State of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Whitmer:

Enclosed is our final audit report, "Michigan's Administration of the Governor's Emergency Education Relief Fund," Control Number ED-OIG/A20GA0039. This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department of Education official[s], who will consider them before taking final Departmental action on this audit:

Mark Washington
Deputy Assistant Secretary
U.S. Department of Education
400 Maryland Ave. SW
Washington, D.C. 20202

The U.S. Department of Education's policy is to expedite audit resolution by timely acting on findings and recommendations. Therefore, if you have additional comments, we would appreciate receiving them within 30 days.

Sincerely,

/s/

Selina Boyd
Regional Inspector General for Audit

Enclosure

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Results in Brief

What We Did

The objectives of the audit were to determine whether the State of Michigan (Michigan) designed and implemented awarding processes that ensured that the Governor's Emergency Education Relief Fund (GEER grant) was used to support local educational agencies (LEAs) and institutions of higher education (IHEs) that were most significantly impacted by the coronavirus or LEAs, IHEs, or other education-related entities within the State that were deemed essential for carrying out emergency educational services; and monitoring processes to ensure that subgrantees used GEER grant funds in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other applicable Federal requirements.¹ Our review covered the first of two GEER grants that Michigan received, including the processes that it used to award and monitor GEER grant funds, for the period March 13, 2020, through May 10, 2022.

To accomplish our objectives, we reviewed relevant Federal laws, regulations, and guidance. We assessed Michigan's awarding processes for the seven programs² it funded with the GEER grant, including Michigan's methodology and criteria for identifying the LEAs and intermediate school districts (ISDs)³ most significantly impacted by the coronavirus and IHEs and other education-related entities deemed essential for carrying out emergency educational services. To assess Michigan's awarding processes, we interviewed Michigan officials who awarded the GEER grant funds; reviewed samples of grant applications from eligible entities that Michigan funded to determine whether Michigan followed its established award processes; reviewed Michigan's allocations to LEAs and ISDs to assess the accuracy and completeness of the allocation

¹ The CARES Act authorizes Governors to provide grants to LEAs and IHEs within their jurisdiction that have been most significantly impacted by coronavirus, and to use funds to provide support to other LEAs, IHEs, and education-related entities that the Governor deems essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, and protecting education-related jobs.

² The seven programs are K–12 GEER, Future for Frontliners, Evolution Labs, Building Healthy Communities: Step Up for School Wellness, Statewide public television, teacher professional learning, and Early On.

³ Michigan has regular school districts and intermediate school districts (which serve multiple regions). They are both considered LEAs by the State; however, for purposes of this document we only refer to the regular school districts as LEAs.

methodology; and reviewed Michigan's drawdowns from the U.S Department of Education's G5 grants management system to determine whether Michigan complied with cash management requirements.

We also assessed Michigan's processes for monitoring the entities to which it awarded GEER grant funds, including its GEER grant reimbursement processes. Our assessment included a review of a sample of 30 Future for Frontliners (FFF) program students⁴ to determine whether Michigan officials followed their reimbursement processes and the amounts requested for reimbursement were calculated correctly and were supported. Our assessment also included a 100 percent review of the GEER grant expenditures reimbursed to three education-related entities that were awarded grant funds to determine whether the entities used GEER grant funds for allowable purposes.⁵

What We Found

Grant Awards

For five of the seven programs that Michigan funded with its GEER grant (Evolution Labs, Building Healthy Communities: Step Up for School Wellness, Statewide public television, teacher professional learning, and Early On), Michigan could not support that it awarded the funds to eligible entities that were deemed essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs. As a result, Michigan lacks assurance that its awards to four entities under these programs—totaling \$5.4 million of the State's \$89.4 million GEER grant—aligned with the purpose of the GEER grant fund. However, for the other two (K–12 GEER and FFF) programs, Michigan Department of Education (MDE) and Michigan's State Budget Office designed and implemented awarding processes that ensured that \$84 million of its \$89.4 million GEER grant was used to support LEAs that were most significantly impacted by the coronavirus, as determined by the State, and IHEs within the State that it deemed essential for carrying out emergency educational services. We also found that the factors Michigan included in the allocation methodologies for the two programs aligned

⁴ The sample of 30 FFF students included 25 students in the FFF Path 1 program and 5 students in the Path 2 program.

⁵ The three education-related entities administered four programs. We did not review a sample of expenditures for allowability for the other two (K–12 GEER and Early On programs) of the seven GEER grant programs because MDE did not require grant recipients to submit supporting documentation with their reimbursement requests.

with the intent of the CARES Act to support LEAs most significantly impacted by coronavirus and IHEs deemed essential for carrying out emergency educational services.

In awarding GEER grant funds to entities for all seven of its programs, we found that Michigan adhered to Federal requirements for pass-through entities to clearly identify subawards to subrecipients and to provide those subrecipients with certain required information at the time of the subawards.⁶ We also found that Michigan ensured that the LEAs, ISDs, and education-related entities that received a GEER grant allocation submitted the required applications and assurances. We found that Michigan followed cash management requirements. ([Finding 1 of this report](#))

Monitoring Processes

MDE did not have a written plan to monitor its GEER grant subgrantees. It had planned to contract with an audit firm to conduct monitoring of its GEER grant subgrantees; however, as of March 30, 2022, the contract had not been finalized. MDE did, however, conduct some monitoring activities and implement reimbursement processes for its subgrantees. For two (K–12 GEER and Early On programs) of the seven programs MDE funded with its GEER grant, the monitoring activities and reimbursement processes that MDE designed and implemented to ensure that the subgrantees used the GEER grant funds in accordance with the CARES Act and other applicable Federal requirements did not provide reasonable assurance that the entities used the funds for allowable purposes. Specifically, MDE did not require the subgrantees to submit documentation to support expenditures, and one of the monitoring activities was not applicable to subgrantees that would not receive an annual single audit.⁷

We also found that for one (FFF scholarship program) of Michigan’s seven programs, although Michigan’s Departments of Treasury and Labor and Economic Opportunity designed and implemented a reimbursement process for IHEs that provided assurance that reimbursements were for students who met eligibility and enrollment requirements, additional monitoring is needed for the FFF Path 1 program to ensure that IHEs’ requested reimbursement amounts are accurately calculated. For the FFF

⁶ For the FFF scholarship program, MDE had an interagency agreement with Michigan’s Departments of Treasury and Labor and Economic Opportunity, who administered the program.

⁷ An annual single audit is an audit conducted in accordance with the Single Audit Act Amendments of 1996; the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations Part 200); the OMB Compliance Supplement; and Government Auditing Standards.

Path 2 scholarship program, we found the monitoring activities and reimbursement process to be sufficient.

For the remaining four (Evolution Labs, Building Healthy Communities: Step Up for School Wellness, television broadcast service for teachers and students, and teacher professional learning programs) of Michigan's seven programs, MDE designed and implemented a reimbursement process that provided reasonable assurance that the GEER grant funds were used in accordance with the CARES Act and other Federal requirements. Specifically, MDE developed a comprehensive reimbursement process to ensure the funds were being used for allowable purposes. ([Finding 2 of this report](#))

What We Recommend

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require the Governor of Michigan to—

- provide documentation, or a full and detailed explanation, of the process Michigan used to determine that the four education-related entities that received GEER grant funds were essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs;
- develop and implement a process to ensure that Michigan documents the criteria and decisions made for awarding future GEER grant funds in accordance with applicable requirements; and
- timely design and implement a monitoring plan that will ensure that K–12 GEER and Early On program subgrantees' uses of GEER grant funds comply with the CARES Act and other applicable Federal requirements. The monitoring plan should include protocols to review, on at least a sample basis, and using a risk-based approach, supporting documentation for subgrantee expenditures charged to the GEER grant to provide assurance that funds were used for allowable purposes.
- Develop and implement a process to review, on at least a sample basis, and using a risk-based approach, supporting documentation and award calculations for the FFF Path 1 scholarship awards.

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education—

Take appropriate action if the documentation and other information provided by Michigan in response to the above recommendations does not support that the State followed applicable requirements.

Michigan Comments and Our Response

We provided a draft of this report to Michigan for comment. We summarize Michigan's comments at the end of each finding and provide the full text of the comments at the end of the report.

Michigan stated that it agreed, at least in part, with all of our findings and recommendations. Michigan identified corrective actions that it has taken or plans to take. In response to Finding 1, Michigan stated that it had a highly collaborative selection process, which aimed to identify programs that could be deployed quickly, have a Statewide impact, and support a full array of essential emergency educational services. Michigan stated that the documentation of the final funding recommendations provided to the Governor also referenced how each recommendation connected to applicable policy priorities and listed the entities not selected with descriptions of why they were not selected. Michigan also acknowledged that some aspects of the process were not as well-documented as they could have been.

To address Recommendation 1.1, Michigan developed additional documentation that it included in its response outlining the process Michigan used to select the other education-related entities awarded GEER grant funds. In addition, Michigan stated that it intends to use this additional documentation to enhance its existing documentation supporting the decisions made for the GEER grant funds as a model to ensure that the criteria used, and decisions made, are adequately documented for future GEER grant funds should they become available. Michigan further stated that this enhanced documentation is intended to serve as the corrective action to address Recommendation 1.2.

In response to Finding 2, Michigan stated that it was already developing monitoring protocols to sample and review supporting documentation for subgrantee expenditures. Michigan further stated that it has executed a contract with a consultant to complete the risk assessment and monitoring process for the K–12 GEER and Early On programs subgrantees' use of GEER grant funds to ensure compliance with the CARES Act and other applicable Federal requirements. Michigan included a sample of a summary of key monitoring information for the K–12 GEER program with its response and stated that the same model will be used to assess and monitor the other six GEER-funded programs. Michigan also stated that it was already developing monitoring protocols to sample and review supporting documentation and award calculations for the FFF Path 1 program.

OIG Response

Michigan's proposed corrective actions, if properly implemented, are partially responsive to the two recommendations relating to Finding 1. Specifically, Michigan's

response and the additional documentation included in its response describes the process used for selecting the other education-related entities awarded GEER grant funds. However, although the additional documentation states that the final funding recommendations provided to the Governor listed the entities not selected with descriptions of why they were not selected, Michigan did not provide us with any documentation that included this information. To fully address Recommendation 1.1, Michigan should also ensure that it documents the reasons for not funding other entities that are considered for future GEER funding.

Regarding Michigan's proposed corrective action to address Recommendation 1.2, while the enhanced documentation could be used as a model for adequate documentation for future GEER grant funds, it will be important for Michigan to address the issues identified under Recommendation 1.1 above and also establish a process to ensure that documentation is developed.

Michigan's proposed corrective actions, if properly implemented, are responsive to the two recommendations relating to Finding 2. The monitoring plans described in Michigan's response appear supportive of the State's efforts to implement its proposed corrective actions. It will be important for Michigan to work with the Department to ensure that all recommendations are appropriately and sufficiently resolved and that corrective actions are fully implemented.

We did not make any changes to the findings and recommendations in response to Michigan's comments.

Introduction

Purpose

The objectives of the audit were to determine whether the State of Michigan (Michigan) designed and implemented awarding processes that ensured that the Governor’s Emergency Education Relief Fund (GEER grant) was used to support local educational agencies (LEA) and institutions of higher education (IHE) that were most significantly impacted by the coronavirus or LEAs, IHEs, or other education-related entities within the State that were deemed essential for carrying out emergency educational services; and monitoring processes to ensure that subgrantees used GEER grant funds in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other applicable Federal requirements. Our review covered the first of two GEER grants that Michigan received, including the processes that it used to award and monitor GEER grant funds, for the period March 13, 2020, through May 10, 2022.

Background

GEER Grant Authorized by the CARES Act

The CARES Act,⁸ signed into law on March 27, 2020, provides a total of \$30.75 billion for the Education Stabilization Fund, of which approximately \$3 billion was provided to Governors to make awards to LEAs, IHEs, and other education-related entities⁹ within each State through the GEER grant. Congress intended the GEER grant to be an emergency appropriation to address coronavirus-related disruptions and support a State’s ability to continue to provide educational services to students and to support the ongoing functionality of LEAs and IHEs. In accordance with section 18002(b) of the CARES Act, the Secretary of the U.S. Department of Education (Department) awarded GEER grant funds to Governors using the following factors: 60 percent of the State’s allocation was based on the State’s relative population of individuals aged 5 through 24, and 40 percent of the State’s allocation was based on the relative number of children

⁸ Public Law No. 116-136.

⁹ The Department’s “Frequently Asked Questions About the Governor’s Emergency Education Relief Fund (GEER Fund)” document defines an education-related entity as a governmental, nonprofit or for-profit entity within the State that provides services that support preschool, elementary, secondary, or higher education.

counted¹⁰ under section 1124(c) of the Elementary and Secondary Education Act of 1965, as amended. Governors that received a GEER grant were required by the Department to designate a fiscal agent, which could be the Office of the Governor or another State agency, to administer the GEER grant. The fiscal agent is responsible for overseeing and monitoring all GEER grant activities in the State.

The Department was required to obligate funds by September 30, 2021, and States and their subgrantees are required to obligate funds by September 30, 2022. Unused funds must be returned to the Department.

Allowable Uses of GEER Grant Funds

Section 18002(c) of the CARES Act authorized GEER grant funds to be used to provide

- emergency support through grants to LEAs that the State educational agency (SEA) deems have been most significantly impacted by coronavirus to support the ability of such LEAs to continue to provide educational services to their students and to support the ongoing functionality of the LEA;
- emergency support through grants to IHEs serving students within the State that the Governor determines have been most significantly impacted by coronavirus to support the ability of such institutions to continue to provide educational services and support the ongoing functionality of the institution; and
- support to any other IHE, LEA, or education-related entity within the State that the Governor deems essential for carrying out emergency educational services to students for authorized activities described in section 18003(d)(1)¹¹ of the CARES Act or the Higher Education Act of 1965, as amended, the provision of childcare and early childhood education, social and emotional support, and the protection of education-related jobs.

¹⁰ For example, children counted for the purposes of making Title I, Part A formula grants to LEAs, or the Title I, Part A formula count.

¹¹ Section 18003(d)(1) of the CARES Act authorizes LEAs to use GEER grant funds for any activity authorized by the Elementary and Secondary Education Act of 1965, as amended, including the Native Hawaiian Education Act and the Alaska Native Educational Equity, Support, and Assistance Act, the Individuals with Disabilities Education Act, the Adult Education and Family Literacy Act, the Carl D. Perkins Career and Technical Education Act of 2006, or subtitle B of title VII of the McKinney-Vento Homeless Assistance Act.

The Department's Administration of the GEER Grant

The Department notified Governors of their GEER grant allocations in April 2020 and provided guidance on how to apply for the funds. To receive the State's GEER grant allocation, the Governors submitted a signed Certification and Agreement to the Department by June 8, 2020.¹² The Certification and Agreement served as the application to receive funds under the GEER grant, as provided in section 18002(a) of the CARES Act. The Certification and Agreement included information on the State's planned uses of the GEER grant funds and programmatic, fiscal, and reporting assurances. This included an assurance that within 45 days of receiving GEER grant funds, the State would submit an initial report to the Department detailing its process for awarding the funds to LEAs, IHEs, or other education-related entities, including the criteria for determining entities that are most significantly impacted by coronavirus or deemed essential for carrying out emergency educational services, and the State's methodology for formulating those criteria. The Certification and Agreement also included a requirement that States submit quarterly reports to the Secretary on their uses of funds.

To answer questions about information that may not be easily understood from reading section 18002 and other parts of the CARES Act, the Department issued a Frequently Asked Questions document.¹³ The Department also encouraged SEAs to consult with the Governor when making determinations of which LEAs were most significantly impacted by coronavirus. In addition to the guidance document provided, the Department provided technical assistance to State agencies through conference calls to discuss their allocation methodologies and plans for using the funds, and to answer any questions they might have.

Michigan's GEER Grant Programs

The Governor of Michigan received \$89.4 million in GEER grant funds. The Governor identified the former Assistant Director of Michigan's State Department of Education (MDE), Office of Financial Management (Financial Management) as the State program representative and MDE Financial Management as the fiscal agent for the GEER grant. The Governor's Office allocated \$60 million to MDE, \$24 million to Michigan's Departments of Treasury (Treasury) and Labor and Economic Opportunity (LEO), and

¹² The deadline was extended from its original date of June 1, 2020.

¹³ "Frequently Asked Questions About the Governor's Emergency Education Relief Fund (GEER Fund)," <https://oese.ed.gov/files/2020/10/FAQs-GEER-Fund.pdf> (last visited May 11, 2022).

\$5.4 million to four other education-related entities¹⁴ (Detroit Public Television, Michigan Virtual University, the Michigan Elementary and Middle School Principals Association, and MDE's Office of Great Start).

MDE's Program

MDE allotted \$60 million in GEER grant funds for the K–12 GEER Program. The purpose of the program was to provide grant funds to school districts¹⁵ that had a significant number of students in high need groups.¹⁶ MDE provided grant packages to the school districts that included an application, instructions on the application, and guidance on allowable expenditures. Some of the allowable expenditures included connectivity; student mental health; addressing learning loss; out-of-school-time learning; remote learning materials and training; teacher training and curriculum; and health, safety, and wellness. By electronically signing the application, the school districts agreed to comply with all applicable GEER grant requirements.

Treasury's and LEO's Program

Treasury and LEO allotted \$24 million in GEER grant funds for the Future for Frontliners (FFF) scholarship program. The purpose of the program was to provide scholarships for frontline workers¹⁷ to attend a community college or an institution that provides adult education. The FFF program included two paths. The Path 1 scholarship program was for frontline workers to pursue an associate degree or industry-recognized certificate that is eligible under the Federal Pell Grant (Pell) program.¹⁸ The Path 2 scholarship program was for frontline workers to obtain a high school diploma or its recognized equivalent by enrolling at a State-approved adult education provider.

¹⁴ Michigan Virtual University was allocated grant funds for two separate programs. For one of those programs, Michigan Virtual University was in partnership with Michigan State University and the University of Michigan.

¹⁵ School districts included LEAs and intermediate school districts (which serve multiple regions).

¹⁶ Michigan defined high needs groups as students who were identified as economically disadvantaged, children with disabilities, or English language learners.

¹⁷ According to Michigan's FFF Frequently Asked Questions document, frontline workers were workers who worked in an essential industry, such as healthcare, public safety, and grocery workers, during the COVID-19 pandemic.

¹⁸ Pell grants, authorized by Title IV of the Higher Education Act of 1965, as amended, are need-based aid grants awarded to eligible undergraduate students.

Detroit Public Television's Program

Detroit Public Television allotted \$1.5 million in GEER grant funds for its Statewide public television program service. The purpose of the program was to support educational programming on public television to reach children where other virtual programming is challenging and to provide support for teachers on how to use the programming in conjunction with broader virtual or remote education plans.

Michigan Virtual University's, Michigan State University's, and University of Michigan's Program

Michigan Virtual University, in partnership with Michigan State University and the University of Michigan allotted \$1.4 million in GEER grant funds for the teacher professional learning program. The purpose of the program was to train teachers on how to implement the teacher professional learning standards developed by the Governor's Education Advisory Council.¹⁹

Michigan Virtual University's Program

Michigan Virtual University allotted \$1 million in GEER grant funds for the Evolution Labs program. The purpose of the program was to provide social-emotional learning support services for Michigan students, parents, and educators.

Office of Great Start's Program

MDE's Office of Great Start allotted \$1 million in GEER grant funds for the Early On program. The funding was intended to allow MDE's existing early intervention program for children aged 3 and under to reach more infants and toddlers through remote early intervention.

Michigan Elementary and Middle School Principals Association's Program

The Michigan Elementary and Middle School Principal's Association allotted \$500,000 in GEER grant funds for the Building Healthy Communities: Step Up for Wellness program. The purpose of the program was to provide Statewide mental health supports²⁰ to students, teachers, and administrators.

¹⁹ According to Michigan's website, the Governor's Education Advisory Council identifies issues impacting the effectiveness of Michigan's public education system and best practices in public education and provides recommendations of corresponding changes, improvement, or advice relevant to public education. The Council recommends guiding principles for new professional learning.

²⁰ According to Michigan Elementary and Middle School Principals Association's grant application, mental health supports included training and resources on social and emotional learning, staff well-being, physical education, and nutrition education.

Finding 1. Michigan Did Not Maintain Sufficient Documentation to Support GEER Fund Grant Awards Made to Four Education-Related Entities

For five of the seven programs that Michigan funded with its GEER grant, Michigan could not fully support its processes for awarding funds to eligible entities that were deemed essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs. The five programs were Evolution Labs, Building Healthy Communities: Step Up for School Wellness, television broadcast service for teachers and students, teacher professional learning, and Early On.

For these programs, Michigan described at a high level in its initial and updated reports to the Department the essential policy goals (such as connectivity, student mental health, and remote learning materials and training) that it wanted to address through subgrants to LEAs, IHEs, and education-related entities. However, Michigan did not maintain sufficient documentation related to its decisions to award funds to any of the education-related entities selected and not to award funds to other entities that submitted requests for GEER grant funds. Without such documentation, there is less assurance that Michigan's awarding of \$5.4 million (6 percent) of its \$89.4 million GEER grant to the four entities that administered the five programs was the result of processes that sought to identify entities essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs. In addition, the lack of documentation for awarding decisions provides for less transparency into the awarding processes, which could potentially increase the risk of fraud, abuse, or noncompliance with CARES Act requirements and other Federal regulations.

For the other two programs (K–12 GEER and FFF) that Michigan funded with its remaining \$84 million in GEER grant funds, MDE and Michigan's State Budget Office (SBO) designed and implemented awarding processes that ensured that the GEER grant funds were used to support LEAs that were most significantly impacted by the coronavirus, as determined by the State, and IHEs within the State that it deemed essential for carrying out emergency educational services. We also found that the factors Michigan included in the allocation methodologies for the two programs aligned with the intent of the CARES Act to support LEAs most significantly impacted by coronavirus and IHEs deemed essential for carrying out emergency educational services.

Michigan's Award Process for Five of its GEER Grant Programs Was Not Fully Supported

Michigan allocated \$5.4 million of its \$89.4 million GEER grant to four education-related entities to fund five programs; however, Michigan could not fully support the process it used to select the four entities. The \$5.4 million was allocated as follows:

- \$1 million to Michigan Virtual University for the Evolution Labs program (State mental health program),²¹
- \$500,000 to the Michigan Elementary and Middle School Principals Association for the Building Healthy Communities: Step Up for School Wellness program,²²
- \$1.5 million to Detroit Public Television for a Statewide broadcast service to support teachers and students,
- \$1.4 million to Michigan Virtual University for a partnership between three State IHEs (Michigan Virtual University, Michigan State University, and the University of Michigan) for teacher professional learning, and
- \$1 million to MDE's Office of Great Start for the Early On program, an existing early intervention program for children aged 3 and under.

Michigan's 45-Day Reports

The Terms and Conditions of the GEER fund included in Michigan's Grant Award Notification stated that within 45 days of receiving GEER grant funds, the State must submit to the Department an initial report detailing its process for awarding those funds to LEAs, IHEs, or other education-related entities, including the criteria for determining those entities that are most significantly impacted by coronavirus or deemed essential for carrying out emergency educational services, and the methodology used to formulate those criteria. The former Assistant Director of MDE Financial Management, who was designated as Michigan's GEER grant program administrator, submitted Michigan's required 45-Day Report to the Department in August 2020, and an update to the 45-Day Report in October 2020. Under the other education-related entities section of both reports, there were brief descriptions of the programs that Michigan funded and the allocation amounts for each program. In both reports, Michigan described at a high

²¹ According to the grant application, Evolution Labs provides free access to social emotional learning support services for Michigan students, parents, and educators.

²² According to the grant application, the Building Healthy Communities: Step Up for School Wellness program provides students, teachers, and administrators with the necessary tools to improve nutrition, increase physical activity, and address mental health and well-being.

level the criteria and processes that it used to determine the policy goals²³ of its GEER grant.

In the updated 45-Day Report, Michigan also described at a high level the process it used to award funds to the other education-related entities selected to receive grant funds. Specifically, the report stated that Michigan worked with the education-related entities to develop programs that addressed its GEER grant policy goals, and that the entities submitted grant applications that included descriptions of the programs to be funded and detailed budgets. Neither report included a description of the processes Michigan used for selecting the education-related entities that would be responsible for administering the five programs listed in the 45-Day reports.

Grant Award Selection Process

In our interviews with SBO officials who described Michigan's award selection process, they explained that while external requests for GEER grant funds were not solicited, 14 external entities submitted requests for the grant funds to the SBO. SBO officials further explained that the SBO and the Executive Office of the Governor performed an informal evaluation of the external requests based on whether the request:

- appeared to have a Statewide impact,
- met any of the policy goals,
- would provide for a quick deployment of funds, or
- included items that could/should be purchased by individual LEAs with other GEER or Elementary and Secondary School Emergency Relief Fund²⁴ money they were receiving.

SBO officials explained that the SBO and the Executive Office of the Governor used the evaluation criteria described above to develop an internal decision document to make funding recommendations to the Governor. The document included the names of the

²³ Michigan's 45-Day Report included a list of the following GEER grant policy goals: connectivity; student mental health; addressing learning loss; out-of-school-time learning; remote learning materials and training; teacher training and curriculum; and health, safety, and wellness needs.

²⁴ The Elementary and Secondary School Emergency Relief Fund, established under the Coronavirus Aid, Relief, and Economic Security Act, awarded grants to SEAs for the purpose of providing LEAs that receive funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, including charter schools that are LEAs, with emergency relief funds to address the impact the COVID-19 pandemic has had, and continues to have, on elementary and secondary schools across the Nation.

four education-related entities that Michigan ultimately funded (as well as the K–12 GEER and Future for Frontliners programs), the policy category that the selected entities or programs would meet (such as scholarships, teacher training, student mental health, remote learning materials, and early intervention supports), a description of how the entities planned to use the funds, and a recommended funding amount. The document also presented the Governor with questions on whether she agreed with the allocated amounts and use of funds. According to SBO officials, the Governor selected all four entities and the related programs that were included in the document for funding with the proposed allocation amounts presented in the document.

We found that two of the four funded entities (MDE’s Office of Great Start and Michigan Virtual University) submitted external requests to SBO, which was in line with the process described. However, for the other two funded entities, one submitted its request directly to the Governor’s office (Michigan Elementary and Middle School Principals Association) while the other did not submit a request at all (Detroit Public Television). An SBO official explained that because Detroit Public Television previously requested State education funding to expand its programming and was included in the Governor’s recommended Fiscal Year 2021 budget, Michigan provided the entity with GEER grant funds so that it could begin its expanded Statewide programming in the summer of 2020. We also found that the internal decision document that SBO and the Governor’s office used to select entities did not include the selection criteria described above or the names of all the entities that were evaluated and did not document the evaluation of the 14 external requests.

After the Governor made the decision to award funds to the four entities, MDE clearly identified the subawards to the four entities and provided them with required information such as the award amount, the fund obligation period, and the Federal grant requirements. Also, for three of these entities (Michigan Virtual University, Michigan Elementary and Middle School Principals Association, and Detroit Public Television), MDE required that they complete grant applications containing budget narratives and assurances before they could receive any award notification letters or funds. We confirmed that the three entities complied with those requirements. For the fourth entity (MDE’s Office of Great Start) administering the Early On program, MDE required the subgrantees of that program (which were all 56 ISDs²⁵ in the State) to complete the required applications after it completed its allocation process. We tested the allocation process, which was based on the 2015–2017 county birth counts of

²⁵ Michigan has regular school districts and intermediate school districts (which serve multiple regions). They are both considered LEAs by the State; however, for purposes of this document we only refer to the regular school districts as LEAs.

children under age 3 residing in the geographical location of each ISD, and confirmed that the allocation spreadsheet was accurate, it agreed with the county birth counts included in a separate spreadsheet that MDE provided to us, and the data were reliable for our purposes. In addition, for a sample of 6 of the 56 ISDs, we confirmed that MDE had their signed grant application with a budget containing allowable uses of funds and their award notification letter that included all of the required subaward information.

According to sections 18002(c)(1) through (c)(3) of the CARES Act, the GEER Fund may be used to provide emergency support grants to LEAs and IHEs deemed most significantly impacted by coronavirus and any other IHEs, LEAs, or education-related entities in the State that the Governor deems essential for carrying out emergency education services to authorized students.

Additionally, the Department's Frequently Asked Questions about the GEER Fund provides guidance to States. Specifically, Question A-3 states that Governors may use GEER grant funds through a subgrant or contract to other LEAs, IHEs, and education-related entities deemed "essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, and protecting education-related jobs."

In addition, according to 2 Code of Federal Regulations (C.F.R.) section 200.303(a) and (c) (effective through November 11, 2020), a non-Federal entity must establish and maintain effective internal control over its Federal award that provides reasonable assurance that it is managing its award in compliance with Federal statutes, regulations, and the terms and conditions of its award. These internal controls should be compliant with the Comptroller General of the United States' guidance in "Standards for Internal Control in the Federal Government" or the Committee of Sponsoring Organizations of the Treadway Commission's "Internal Control Integrated Framework." The entity must also evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of Federal awards.

Also, the U. S. Government Accountability Office Standards for Internal Control in the Federal Government section 10.03 states that, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

Michigan could not provide documentation to fully support its GEER grant award process because it did not have controls in place to ensure that the process was adequately documented. Specifically, Michigan's Governor's Office, which was

ultimately responsible for Michigan's GEER grant, did not require the GEER grant administrator (the former MDE Financial Management Assistant Director) to document the deliberative processes that were used to determine the education-related entities that would be responsible for carrying out essential activities in support of the State's established policy goals.

Without such documentation, there is less assurance that Michigan's awarding of \$5.4 million of its \$89.4 million GEER grant to four education-related entities was the result of processes that sought to identify entities essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs. In addition, the lack of documentation for awarding decisions provides for less transparency into the awarding processes, which could potentially increase the risk of fraud, abuse, or noncompliance with CARES Act requirements and other Federal regulations.

Award Processes for Subgrantees of the K–12 GEER and Future for Frontliners Scholarship Programs Were Designed and Implemented in Accordance with the CARES Act, Federal Regulations, and Grant Conditions

For the K–12 GEER and FFF scholarship programs that Michigan funded with its GEER grant, Michigan designed and implemented awarding processes that ensured that the GEER grant funds were used to support LEAs that it determined as most significantly impacted by the coronavirus and IHEs within the State that it deemed essential for carrying out emergency educational services. We also found that the factors Michigan included in the allocation methodologies for the two programs aligned with the intent of the CARES Act.

K–12 GEER Program

MDE allocated \$60 million in GEER grant funds (for the K–12 GEER program) to 557 LEAs and 56 ISDs²⁶ that it determined as most significantly impacted by coronavirus. LEAs and ISDs could only use GEER grant funds for the following expenditure categories: connectivity; student mental health; addressing learning loss; out-of-school-time learning; remote learning materials and training; teacher training and curriculum; and

²⁶ MDE determined that 557 LEAs and 56 ISDs were eligible for the GEER grant funds. Of these, 547 LEAs and 53 ISDs applied for and received the GEER grant funds after MDE allocated the funds. The other 10 LEAs and 3 ISDs did not receive GEER grant funds because they either closed or refused the funds after MDE notified them of their allocation. Michigan did not drawdown or reallocate the \$84,519 that it had already allocated to the 10 LEAs and 3 ISDs.

health, safety, and wellness needs. In allocating the funds to LEAs and ISDs, the SBO and MDE determined LEAs as most significantly impacted by coronavirus based on the number of students at the LEA who were identified as economically disadvantaged, children with disabilities, and English language learners. According to Michigan's GEER Fund Distribution Framework (Framework),²⁷ these student groups were targeted because providing them with an adequate education typically has a higher cost than providing a similar education to traditional students. Also, these student groups may be more adversely impacted by the coronavirus's disruption to the normal school calendar. An LEA was eligible to receive GEER grant funds if over 50 percent of its student population was considered economically disadvantaged. LEAs that met this eligibility criteria were allocated \$86.62 in GEER grant funds for each student identified as economically disadvantaged, a child with a disability, or an English language learner.

Regarding ISDs, according to SBO's Financial Specialist, SBO determined that all ISDs were eligible for GEER grant funding because ISDs generally serve a special education population with greater needs. MDE allocated \$86.62 in GEER grant funds to ISDs for each child with a disability, based on the student's special education full-time equivalency status.²⁸

Michigan posted to its website the criteria it used to allocate the \$60 million in GEER grant funds to LEAs and ISDs. We also found that MDE and SBO applied the allocation formulas correctly, the calculations were accurate, and the data used were reliable.

Regarding the application process, MDE followed its normal Federal grant application policies and procedures for LEAs and ISDs. In order for LEAs and ISDs to obtain their allocated GEER grant funds, MDE required them to submit an online application that included a detailed budget and signed assurances. MDE Financial Management reviewed the applications to determine whether the budgeted amount agreed to the allocated amount and the budgeted expenditures were for allowable uses. MDE Financial Management provided GEER grant award notification letters to the LEAs and ISDs.

²⁷ Michigan's Framework document outlined how its GEER grant funds would be allocated and included the same information that was in Michigan's 45-Day Report.

²⁸ Special education full-time equivalency status is a measure of how much time a student receives specialized instruction through a special education program.

We selected a nonstatistical sample of 50 (9 percent) of the 557 LEAs and 6 (11 percent) of the 56 ISDs that were allocated GEER grant funds²⁹ and confirmed that each entity that received funding submitted an application, signed the required assurances, and submitted budgets that included uses of funds under allowable expenditure categories. We also confirmed that MDE provided each sampled LEA and ISD with a grant award notification letter that included all the required subaward information.

FFF Program

Michigan allocated \$24 million in GEER grant funds to Treasury and LEO to administer the FFF scholarship program. Treasury and LEO used the GEER grant funds to reimburse IHEs for tuition and fees for students who met FFF scholarship program and enrollment eligibility requirements. The FFF scholarship program included two paths. The Path 1 program was for frontline workers in essential industries, such as grocery stores, to pursue an associate degree or industry-recognized certificate that is eligible under the Federal Pell Grant (Pell) program.³⁰ The FFF Path 1 scholarship covered the costs for in-district tuition and fees less any Pell grant funds and any tuition-restricted scholarships or awards that the student received. The FFF Path 2 program was for frontline workers to obtain a high school diploma or its recognized equivalent by enrolling at a State-approved adult education provider. The FFF Path 2 scholarship covered high school equivalency testing fees and the cost to enroll in classes at the adult education provider.

The FFF program had overall eligibility criteria that applied to both paths. The applicant must:

- be a Michigan resident;
- have worked in-person in an essential industry³¹ at least part-time during the initial shutdown period (April 1, 2020, to July 30, 2020); and
- have completed the FFF application by December 31, 2020.

²⁹ We judgmentally selected 10 LEAs and 2 ISDs that had the largest K–12 GEER program allocations. From the remaining LEAs and ISDs, we selected 40 LEAs and 4 ISDs using a simple random sample.

³⁰ Pell grants, authorized by Title IV of the Higher Education Act of 1965, as amended, are need-based aid grants awarded to eligible undergraduate students.

³¹ Michigan's FFF Frequently Asked Questions document includes a list of essential industries, such as grocery stores and restaurants, waste management services, and manufacturing of personal protective equipment.

FFF Path 1

In addition to meeting the overall criteria described above, in order to be eligible for the FFF Path 1 scholarship program, applicants must not have previously earned an associate or baccalaureate degree and must not be in default on a Federal student loan or have received a Title IV³² overpayment. FFF Path 1 applicants applied for the FFF program using an online application in Michigan's Student Scholarships and Grants system. System checks determined whether the applicants met some of the eligibility requirements, while Michigan's Unemployment Insurance Agency, which had a data agreement with Treasury and LEO, determined whether the applicants met employment eligibility requirements. Eligible FFF Path 1 applicants were required to be admitted to an accredited Michigan public community college and attend at least half-time (6 credits) and complete the Free Application for Federal Student Aid.

We selected a nonstatistical sample of 5 (17 percent) of the 29 community colleges that received at least \$10,000 in FFF Path 1 GEER grant funds as of August 5, 2021.³³ We then selected a nonstatistical sample of 25 (1.3 percent) of the 1,874 students who received GEER grant funds from the 5 community colleges³⁴ and confirmed that the students applied for the FFF program by December 31, 2020, were approved for FFF Path 1, met the eligibility requirements, and were taking the required number of program credits.

FFF Path 2

In addition to meeting the overall criteria described above, in order to be eligible for the FFF Path 2 scholarship program, applicants must not have had a high school diploma or its recognized equivalent at the time of application, must have been at least 18 years old by December 31, 2020, and must not have been enrolled in high school at the time of application. FFF Path 2 applicants applied for the FFF program using an online application on LEO's³⁵ website. LEO determined the initial eligibility of the applicant while Michigan's Unemployment Insurance Agency verified the applicant's employment eligibility.

LEO executed grant agreements with each adult education provider that enrolled one or more FFF Path 2 eligible students. As part of the grant agreement, the adult education

³² Title IV of the Higher Education Act, as amended.

³³ We judgmentally selected 3 community colleges that received the highest amount of GEER grant funds and 2 colleges using a simple random sample.

³⁴ We selected the sample of 25 students using a simple random sampling design.

³⁵ LEO's division of Workforce Development administered the FFF Path 2 scholarship program.

providers were required to report participant data monthly,³⁶ encouraged (but not required) to submit invoices to LEO for payment monthly, and required to agree to a GEER grant reimbursement limit that was based on the number of enrolled FFF Path 2 students.³⁷ LEO also required the adult education providers to monitor students' performance.

We selected a nonstatistical sample of 5 (1.3 percent) of the 389 students who received GEER grant funds under the FFF Path 2 program³⁸ and confirmed that the students applied for the program by December 31, 2020, were approved, and met the eligibility requirements. We also confirmed that the adult education provider had a grant agreement and complied with the grant agreement requirements.

Michigan posted to its FFF website the scholarship eligibility criteria that it used for both program paths.

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require the Governor of Michigan to—

- 1.1 Provide documentation, or a full and detailed explanation, of the process Michigan used to determine that the four education-related entities that received GEER grant funds were essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs.
- 1.2 Develop and implement a process to ensure that it documents the criteria and decisions made for awarding future GEER grant funds in accordance with applicable requirements.

³⁶ LEO required the adult education providers to report attendance data and achievement data, such as the number of students earning their high school diploma.

³⁷ The GEER grant reimbursement limit for an adult education provider could range from \$10,000 to \$750,000 depending on how many FFF Path 2 students were enrolled.

³⁸ We selected the sample of 5 students using a simple random sampling design.

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education—

- 1.3 Take appropriate action if the documentation and other information provided by Michigan in response to the above recommendations does not support that the State followed applicable requirements.

Michigan Comments

Michigan agreed in part with the finding and related recommendations. Michigan stated that it had a highly collaborative selection process, which aimed to identify programs that could be deployed quickly, have a Statewide impact, and support a full array of essential emergency educational services. Michigan stated that the documentation of the final funding recommendations provided to the Governor, and referenced in the report, also referenced how each recommendation connected to applicable policy priorities and listed the entities not selected with descriptions of why they were not selected. Michigan also acknowledged that some aspects of the process were not as well documented as they could have been. For example, the 45-Day Report submitted could have provided greater detail regarding the evaluation and selection process.

To address Recommendation 1.1, Michigan developed additional documentation that it included in its response that outlined the process it used to select the other education-related entities awarded GEER grant funds. In addition, Michigan stated that it intends to use this additional documentation to enhance its existing documentation supporting the decisions made for the GEER grant funds as a model to ensure that the criteria used, and decisions made, are adequately documented for future GEER grant funds should they become available. Michigan further stated that this enhanced documentation is intended to serve as the corrective action to address Recommendation 1.2.

OIG Response

Michigan's proposed corrective actions, if properly implemented, are partially responsive to the two recommendations. Specifically, Michigan's response and the additional documentation included in its response describes the process it used for selecting the other education-related entities awarded GEER grant funds. However, although the additional documentation states that the final funding recommendations provided to the Governor listed the entities not selected with descriptions of why they were not selected, Michigan did not provide us with any documentation that included this information. To fully address Recommendation 1.1, Michigan should also ensure that it documents the reasons for not funding other entities that are considered for future GEER grant funds.

Regarding Michigan's proposed corrective action to address Recommendation 1.2, while the enhanced documentation could be used as a model for adequate documentation for future GEER grant funds, it will be important for Michigan to address the issues identified under Recommendation 1.1 above and also establish a process to ensure that documentation is developed.

We did not change our findings or recommendations as a result of Michigan's response.

Finding 2. Michigan Did Not Design and Implement Sufficient GEER Fund Monitoring Processes For Some Of Its Subgrantees

MDE did not have a written plan to monitor its GEER grant subgrantees. It had planned to contract with an audit firm to conduct monitoring of its GEER grant subgrantees; however, as of March 30, 2022, the contract was still incomplete. MDE did, however, conduct some monitoring activities and implement reimbursement processes for its subgrantees. For two (K–12 GEER and Early On programs) of Michigan’s seven programs, the monitoring activities and reimbursement process that MDE designed and implemented for its subgrantees did not provide reasonable assurance that the entities used GEER grant funds for allowable purposes. Specifically, MDE did not require the subgrantees to submit documentation to support expenditures, and one of the monitoring activities was not applicable to subgrantees that would not receive an annual single audit.³⁹ We also found that for one (FFF scholarship program) of Michigan’s seven programs, additional monitoring is needed for the FFF Path 1 program to ensure that IHEs’ requested reimbursement amounts are accurately calculated. We found that the monitoring activities and reimbursement process for the FFF Path 2 scholarship program were sufficient.

For the remaining four (Evolution Labs, Building Healthy Communities: Step Up for School Wellness, television broadcast service for teachers and students, and teacher professional learning programs) of Michigan’s seven programs, MDE designed and implemented a comprehensive reimbursement process that ensured the entities used the GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. We reviewed supporting documentation for the four programs and found that the comprehensive reimbursement process provided effective monitoring and ensured that the entities used GEER grant funds for allowable purposes.

Michigan Did Not Sufficiently Monitor Three of its GEER Grant Programs

The monitoring that Michigan provided for three (K–12 GEER, Early On, and FFF Path 1 scholarship programs) of the programs it funded with GEER grant funds was insufficient. Specifically, MDE did not have a written plan to monitor its GEER grant subgrantees and,

³⁹ An annual single audit is an audit conducted in accordance with the Single Audit Act Amendments of 1996; the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations Part 200); the OMB Compliance Supplement; and Government Auditing Standards.

at the time of our audit, had not yet completed a planned monitoring contract with an audit firm. Michigan performed some monitoring of its subgrantees, as discussed below, but we found that improvements are needed to ensure that GEER grant funds are used in accordance with the CARES Act and other applicable Federal requirements.

Monitoring Process for the K-12 GEER and Early On Programs

For the K-12 GEER and Early On programs, although MDE designed and implemented monitoring activities and a reimbursement process for its subgrantees, these efforts did not provide reasonable assurance that the entities used the GEER grant funds for allowable purposes.

One of the monitoring activities MDE implemented for the LEAs and ISDs that participated in the programs was a review of the LEAs' and ISDs' Final Expenditure Reports (FER). MDE required the LEAs and ISDs to submit their FERs within 60 days of expending all of their allocated funds or the grant ending date, whichever came first. The FER included the amount of GEER grant funds the LEA or ISD expended for each expense category listed in the report (salaries, benefits, purchased services, supplies and materials, capital outlay, and other expenses). MDE reviewed the FERs to ensure that the expenditure totals for each expense category matched the totals from the LEAs' and ISDs' approved budgets. LEAs or ISDs did not have to submit invoices or supporting documentation with the FERs. We selected a sample of 50 LEAs that received and expended K-12 GEER grant funds.⁴⁰ As of September 27, 2021, 5 of the 50 LEAs had submitted a FER. We reviewed all five FERs and confirmed that the final expenditure totals matched the LEAs' approved budget totals. However, because no documentation was submitted with the FERs to support that the expenditures were incurred, the State had less assurance that the funds were used for allowable purposes.

Another activity MDE used to monitor the LEAs and ISDs was MDE's existing single audit desk review process. As part of the desk review process, MDE reviewed the LEAs' and ISDs' annual single audit reports⁴¹ to determine whether there were any Federal program findings and related corrective actions. MDE used a spreadsheet to document the desk review. According to an MDE official, if the audit reports identified GEER grant findings, as was the case for six LEAs at the time of our review, the results of the desk review were uploaded into MDE's Grant Electronic Monitoring System / Michigan

⁴⁰ This is the same sample we used for our K-12 GEER program award process testing discussed in Finding 1.

⁴¹ MDE reviewed single audit reports to ensure that the reports complied with Federal regulations.

Administrative Review System (GEMS/MARS)⁴² and sent to the program office responsible for ensuring that GEER grant corrective actions are taken. However, this activity is not sufficient by itself because not all LEAs and ISDs are required to have an annual single audit performed.⁴³

The reimbursement process MDE implemented to disburse GEER grant funds to LEAs and ISDs required LEAs and ISDs to request reimbursement through MDE's Cash Management System (CMS).⁴⁴ The CMS, which Michigan uses for all Federal education grants, tracks grant payments and remaining balances to ensure that the LEAs and ISDs are not reimbursed for more than they were awarded. The only information the LEAs and ISDs are required to enter into the system is the amount of funds they are requesting for reimbursement. They did not have to provide details of how the GEER grant funds were used or submit documentation supporting that the expenditures were actually incurred. LEAs and ISDs certified⁴⁵ that each reimbursement request was true, complete, and accurate, and that the expenditures and requested payments were for the purposes and objectives set forth in the terms and conditions of the Federal award.

Monitoring Process for the FFF Scholarship Program

Michigan did not have a monitoring plan in place for the FFF scholarship program. MDE officials stated that Treasury, LEO, and others would perform monitoring of subgrantees for programs other than the K-12 GEER program. However, MDE's Financial Management Assistant Director also stated that MDE intended to have the monitoring contract discussed above include monitoring for all the GEER grant programs. A monitoring plan was never developed.

For the FFF Path 1 scholarship program, although Treasury and LEO designed and implemented a reimbursement process for IHEs that provided assurance that reimbursements were for students who met eligibility and enrollment requirements,

⁴² According to Michigan's GEMS/MARS website, the system supports the monitoring of the implementation of Federal and State programs at the local level to ensure funds and other resources are spent or used appropriately in accordance with State and Federal law and Department of Education policy.

⁴³ A non-Federal entity, such as a LEA or ISD, that expended less than \$750,000 in Federal awards during the fiscal year is exempt from Federal audit requirements.

⁴⁴ The CMS is a web-based system that MDE's subgrantees are required to use to request drawdowns of grant funds.

⁴⁵ Subgrantees make the certification by clicking a box when submitting their reimbursement request.

additional monitoring activity is needed for the FFF Path 1 program to ensure that IHEs' requested reimbursement amounts are accurately calculated. For the FFF Path 2 scholarship program, we found the monitoring activities and reimbursement process sufficient.

For the FFF Path 1 program, Treasury provided a handbook to the participating IHEs that included the award packaging order for scholarship funds⁴⁶ and instructions for submitting reimbursement requests. On a quarterly basis, Treasury required IHEs participating in the Path 1 program to complete an online reimbursement request form that included the total number of credit hours the participating students had taken for the quarter, along with the total amount of reimbursable tuition and fees applicable for those students for the quarter. The reimbursement request form states that by submitting the reimbursement request, IHEs confirm that all credit hours for which they were requesting reimbursement were related to associate degrees or occupational certificate programs that are eligible under the Federal Pell Grant (Pell) program.⁴⁷ The IHEs also confirmed that the students were eligible FFF Path 1 scholarship participants. IHEs were not required to submit a copy of the students' quarterly tuition bill or other documentation showing that the calculation used to determine the reimbursable amount was in accordance with the required packaging order established by Treasury with the reimbursement request form. Treasury did not perform a review of the GEER grant reimbursement requests to ensure that the IHEs were not reimbursed for more than each student's calculated award amount. We judgmentally selected a sample of 5 (17 percent) of the 29 IHEs that received at least \$10,000 in FFF Path 1 GEER grant funds, as of August 5, 2021. We then selected a nonstatistical sample of 25 (1 percent) of the 1,874 students who received GEER grant funds from the 5 sampled IHEs⁴⁸ and confirmed that Treasury officials followed their reimbursement process, the amounts requested for reimbursement were calculated correctly, and students' accounts were credited for the correct GEER grant amount.

⁴⁶ The packaging order is the order in which a student's financial aid is applied to their quarterly bill. The FFF program required IHEs to apply any of the following financial aid: Pell grant, Michigan Indian Tuition Waiver, Survivors Tuition grant, Children of Veterans Tuition grant, and the Michigan Competitive Scholarship, to the student's quarterly bill before the FFF scholarship amount could be determined.

⁴⁷ Pell grants, authorized by Title IV of the Higher Education Act of 1965, as amended, are need-based aid grants awarded to eligible undergraduate students.

⁴⁸ We selected 5 students from each IHE using a simple random sampling design.

For the FFF Path 2 program, LEO designed and implemented a comprehensive reimbursement process that it used to monitor adult education providers' expenditures. We found that the reimbursement process ensured that adult education providers used GEER grant funds for allowable purposes. LEO provided adult education providers with a FFF Path 2 handbook that included the reporting requirements and instructions for submitting reimbursement requests. On a monthly basis, LEO required adult education providers to enter FFF Path 2 student data into Michigan's Adult Education Reporting System (MAERS).⁴⁹ The data included the name of the classes the student was taking, assessment scores,⁵⁰ attendance records, and any achievements.⁵¹ LEO reviewed the student data prior to approving a provider's reimbursement request. Also, in order to receive reimbursement, LEO required the adult education providers to submit reimbursement requests along with invoices and supporting documentation via email. LEO encouraged them to submit the reimbursement requests monthly, but they were not required to submit them monthly. We selected a sample of 5 (1 percent) of the 389 students who received GEER grant funds for the FFF Path 2 program and found that the adult education providers submitted reimbursement requests for the selected students that included invoices and supporting documentation and matched the participation data that the providers submitted.

Several criteria relate to States' monitoring of GEER grant subgrantees. Specifically, Question A-11 of the Department's Frequently Asked Questions about the GEER Fund, states that each Governor must designate a State Agency as the fiscal agent to administer the GEER Fund. The fiscal agent is responsible for overseeing and monitoring all GEER Fund activities in the State.

Also, according to 2 C.F.R. section 200.303(a) and (c), a non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the award in compliance with applicable Federal statutes, regulations, terms, and conditions. Further, the non-Federal entity must also evaluate and monitor its compliance with statute, regulations, and the terms and conditions of Federal awards.

⁴⁹ MAERS is a web-based system used for reporting data on adult education students in Michigan.

⁵⁰ Assessments include tests such as high school equivalency tests and pre-tests taken at the time of enrollment.

⁵¹ Achievement data includes a student's accomplishments such as attainment of a high school diploma or equivalent, enrollment into a postsecondary institution, and achieving English language proficiency.

Additionally, according to 2 C.F.R. section 200.328 (a), the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and that performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function, or activity.

Further, according to 2 C.F.R. section 200.331, State Grantees (pass-through entities) must establish monitoring priorities based on the risks posed by each subgrantee and monitor the fiscal activity of subgrantees as necessary to ensure that the subaward is used for authorized purposes, complies with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

The Department's GEER grant Certification and Agreement requires that the State and other entities comply with all applicable regulations and guidance, including the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200). This requirement contained references to Federal monitoring regulations. Therefore, Michigan should have been aware of its responsibilities regarding Federal monitoring requirements because the State attested to its awareness by signing Part D of the GEER grant Certification and Agreement.

Reasons for Monitoring Weaknesses Identified and the Resulting Impacts

There were several reasons for the weaknesses that we identified in Michigan's monitoring processes for the K-12 GEER, Early On, and FFF Path 1 scholarship programs. When asked about MDE's monitoring plan for these GEER-funded programs, MDE Financial Management's former Director stated that MDE decided not to perform monitoring of the K-12 GEER program subgrantees until all allocated GEER grant funds were drawn down and all LEAs and ISDs that received GEER grant funds had submitted an FER. The former Director further stated that MDE planned to perform light monitoring to decrease the burden on the LEAs and ISDs. For the Early On and FFF Path 1 scholarship programs, MDE's Financial Management Assistant Director stated that MDE intended to include the monitoring in the same contract it was negotiating with an audit firm for the K-12 GEER monitoring; however, as of March 30, 2022, the contract was still incomplete.

Because Michigan's monitoring of the K-12 GEER, Early On, and FFF scholarship programs was not adequate to ensure allowable use of funds, Michigan has only limited assurance that the subgrantees used GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. Regarding the K-12 GEER and Early On

programs, because the FER submissions, single audit desk reviews, and reimbursement requests do not involve reviews by MDE of LEAs' or ISDs' expenditures, including such a protocol when it develops its monitoring plan would provide MDE with additional assurance that LEAs and ISDs used GEER grant funds for allowable purposes. Also, the decision not to monitor the subgrantees of those programs until all allocated GEER grant funds were drawn down will result in MDE not being able to timely identify and correct instances of noncompliance while the funds are being expended, increasing the risk of GEER grant funds being used for unallowable purposes. Regarding the FFF scholarship program, specifically the Path 1 program, although Treasury's reimbursement process for IHEs provided assurance that reimbursements were for students who met eligibility and enrollment requirements, without a review of supporting documentation or the calculations made to determine the reimbursement amount, Treasury does not have reasonable assurance that the IHE reimbursement requests were correct, and that the amounts were calculated in accordance with the required packaging order established by Treasury.

MDE's GEER Grant Reimbursement Process for Four Programs

For four of the programs that MDE funded with its GEER grant (Evolution Labs, Building Healthy Communities: Step Up for School Wellness, television broadcast service for teachers and students, and teacher professional learning), MDE designed and implemented a comprehensive reimbursement process that it used to monitor expenditures that ensured the entities used the GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. Specifically, MDE required the three entities administering the four programs to submit monthly reimbursement requests (through GEM/MARS), as well as invoices and documentation supporting the requests. An MDE official reviewed the invoices and supporting documentation to ensure that the expenditures were for allowable purposes. The official also maintained a spreadsheet to track the entities' payments and remaining balances to ensure that the entities were not reimbursed for more than they were awarded. MDE then sent the approved reimbursement requests to MDE Financial Management's Grants, Contracts, and School Support Unit Supervisor for final approval and payment.

We reviewed all the reimbursement requests and supporting documentation submitted by the four entities and confirmed that the entities used grant funds for allowable purposes. We also confirmed that MDE followed its reimbursement process and documented its approvals.

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require the Governor of Michigan to—

- 2.1 Timely design and implement a monitoring plan that will ensure that K–12 GEER and Early On program subgrantees’ use of GEER grant funds complies with the CARES Act and other applicable Federal requirements. The monitoring plan should include protocols to review, on at least a sample basis, and using a risk-based approach, supporting documentation for subgrantee expenditures charged to the GEER grant to provide assurance that funds were used for allowable purposes.
- 2.2 Develop and implement a process to review, on at least a sample basis, and using a risk-based approach, supporting documentation and award calculations for the FFF Path 1 scholarship awards.

Michigan Comments

Michigan stated that it agreed with the finding and recommendations. Michigan stated that it was already developing monitoring protocols that included sampling and reviewing supporting documentation for subgrantee expenditures. Michigan stated that its monitoring plan includes a risk assessment for each program and protocols to use a risk-based approach to review subgrantee expenditures for allowability. Michigan further stated that it has executed a contract with a consultant to complete the risk assessment and monitoring process for K–12 GEER and Early On programs subgrantees’ use of GEER grant funds to ensure compliance with the CARES Act and other applicable Federal requirements.

Michigan included a summary of key monitoring information for the K–12 GEER program with their response. The summary includes a program overview, an overview of the risk assessment and monitoring processes, the program risk assessment results, and the program monitoring plan. Michigan stated that the same model will be used to assess and monitor the other six GEER-funded programs. Michigan projected that all risk assessment and monitoring activities will be completed by the end of September 2022.

Michigan also stated that it was already developing monitoring protocols to sample and review supporting documentation and award calculations for the FFF Path 1 program. Michigan projected that the FFF Path 1 program monitoring protocols will be implemented by October 2022.

OIG Response

Michigan’s proposed corrective actions, if properly implemented, are responsive to our recommendations. We did not change our findings or recommendations as a result of Michigan’s response. However, the monitoring plans described in Michigan’s response appear supportive of the State’s efforts to implement its proposed corrective actions. It will be important for Michigan to work with the Department to ensure that all

recommendations are appropriately and sufficiently resolved and that corrective actions are fully implemented.

Appendix A. Scope and Methodology

Our audit covered Michigan's control activities related to the administration of the GEER grant. Specifically, our audit covered Michigan's policies, procedures, and other controls to ensure that GEER grant funds were used to support LEAs and IHEs that were most significantly impacted by the coronavirus or LEAs, IHEs, or other education-related entities that were deemed essential for carrying out emergency educational services. Our audit also covered Michigan's policies, procedures, and other controls to ensure that subgrantees used GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. Our review covered Michigan's GEER grant award and monitoring processes from March 13, 2020, through May 10, 2022. We conducted fieldwork virtually due to the national pandemic from July 12, 2021, through May 10, 2022. We performed testing on Michigan's grant applications through December 2020, and expenditures through August 2021. We held an exit conference with Michigan officials on May 10, 2022, to discuss the results of our audit.

To achieve our audit objectives, we gained an understanding of the CARES Act, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200), and Department guidance relevant to our audit objectives, including the Department's 2020 GEER Frequently Asked Questions. We reviewed 2 C.F.R. section 200.303, Internal control, and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*. We also reviewed 2 C.F.R. section 200.302, Financial management; section 200.305, Federal payment; section 200.328, Monitoring and reporting program performance; section 200.331, Requirements for passthrough entities; and section 200.403, Factors affecting allowability of costs.

We also performed the following procedures:

- Reviewed the organization charts for MDE, MDE Financial Management, LEO, and the SBO to determine staff with responsibilities related to the GEER grant.
- Reviewed Michigan's Certification and Agreement (application) to gain an understanding of how Michigan intended to use the GEER grant funds.
- Reviewed Michigan's 45-Day Report and an update to the 45-Day Report to gain an understanding of the process Michigan used to award GEER grant funds to LEAs, IHEs, and other education-related entities.
- Interviewed Michigan officials and reviewed documentation to gain an understanding of Michigan's criteria for determining LEAs and IHEs that were most significantly impacted by the coronavirus or LEAs, IHEs, or other

education-related entities that were deemed essential for carrying out emergency educational services.

- Interviewed MDE Financial Management and SBO officials and reviewed documentation to gain an understanding of the processes for allocating, awarding, administering, and monitoring its K–12 GEER program funds.
- Interviewed MDE Financial Management, Treasury, LEO, and SBO officials and reviewed documentation to gain an understanding of the processes for allocating, awarding, administering, and monitoring its FFF program funds.
- Interviewed MDE Financial Management, SBO, and MDE’s Office of Great Start officials and reviewed documentation to gain an understanding of the processes for allocating, awarding, administering, and monitoring GEER program funds awarded to Michigan Virtual University, Detroit Public Television, the Michigan Elementary and Middle School Principals Association, and MDE’s Office of Great Start.
- Reviewed and evaluated the criteria, policies, procedures, and internal controls MDE used to determine which LEAs and ISDs were most significantly impacted by the coronavirus.
- Reviewed Michigan’s GEER grant drawdowns to determine whether Michigan complied with cash management regulations and guidance. We compared Michigan’s “Total Expenditure Reports” with the amounts drawn down from G5. We also reviewed the number of days between Michigan’s drawdowns and expenditures of funds to determine whether Michigan maintained excess cash.
- Tested expenditures from the four programs administered by Michigan Virtual University, the Michigan Elementary and Middle School Principals Association, and Detroit Public Television to ensure that GEER grant funds were used in accordance with the CARES Act and other applicable Federal requirements.⁵² [In the Sampling Methodology section of this report, see the Other Education-Related Entities (excluding Early On) Sample.]
- Tested a sample of the GEER grant fund reimbursements for the FFF Path 1 program to ensure the reimbursements were calculated correctly and that the student accounts were credited for the correct GEER grant amount. (In the Sampling Methodology section of this report, see the FFF Path 1 Sample.)

⁵² We did not review a sample of expenditures for the K–12 GEER and Early On programs because MDE did not require subgrantees to submit supporting documentation with their reimbursement requests.

- Tested a sample of the GEER grant fund reimbursements for the FFF Path 2 program to ensure reimbursement requests were submitted with invoices and supporting documentation and agreed with the participation data submitted. (In the Sampling Methodology section of this report, see the FFF Path 2 Sample.)
- Reviewed and recalculated the formulas in the allocation spreadsheets for the K–12 GEER and Early On programs to determine whether the allocations were correct.
- Determined whether the data SBO and MDE’s Office of Great Start used in the K–12 GEER and Early On programs allocation spreadsheets were accurate.

Sampling Methodology

To determine whether MDE and its Office of Great Start followed their award processes for the Early On and K–12 GEER programs, we selected samples of LEAs and ISDs to review. To test the reliability of the allocation spreadsheets for the two programs, we performed a 100 percent review of the ISDs’ allocations for the Early On program, a 100 percent review of the LEAs’ allocations for the K–12 GEER program, and we selected a sample of ISD allocations to review for the K–12 GEER program. To determine whether Treasury and LEO followed their award and reimbursement processes for the FFF Path 1 and Path 2 scholarship programs, we selected samples of IHEs and students to review. To test the reliability of the data provided related to the FFF Path 1 testing, we performed a 100 percent review of the participating students, and for the FFF Path 2 testing, we selected a sample of participating students to review. To determine whether MDE followed its award and reimbursement processes for the Evolution Labs, Building Healthy Communities: Step Up for School Wellness, television broadcast service for teachers and students, and teacher professional learning programs, we reviewed the grant applications, grant award notification letters, invoices, and supporting documentation for all three entities administering those programs (Michigan Virtual University, the Michigan Elementary and Middle School Principals Association, and Detroit Public Television).

The results of our testing apply only to the samples selected and cannot be projected. The sections below describe the sampling in detail.

Early On Program Samples

To determine whether MDE’s Office of Great Start followed its award processes for the Early On program, we selected for review a sample of 6 (11 percent) of the 56 ISDs that were allocated Early On funds. We judgmentally selected the two ISDs that were allocated the largest amount (over \$90,000) of Early On. We then selected 4 ISDs from the remaining 54 ISDs using a nonstatistical random sampling design. For the sample of six ISDs, we confirmed that the ISD submitted an application with a budget that included

uses of funds under allowable expenditure categories, received an award notification from Michigan, and signed Michigan’s required assurances.

Table 1 shows the universe, sample sizes, and sampling methodologies related to our testing of the Early On program.

Table 1. ISD Universe and Samples for the Early On Program Testing

Testing Purpose	Universe	Sample Size	Methodology
Award Process	56	6 (11 percent)	Judgmentally selected 2 ISDs with largest allocations and 4 using simple random sampling
Data Reliability	56	56 (100 percent)	100 percent review

K–12 GEER Program Samples

To determine whether MDE followed its award processes for the K–12 GEER program, we selected for review samples of the 557 LEAs and 56 ISDs that were allocated K–12 GEER program funds.⁵³ From the universe of 613 LEAs and ISDs that were allocated funds, we judgmentally selected for review 10 that were allocated the most K–12 GEER program funding (more than \$536,076). We then selected a sample of 40 from the remaining 603 LEAs and ISDs using a nonstatistical random sampling design. The sample resulted in all 50 (8 percent) being LEAs.

To ensure we performed testing of the ISDs that were allocated K–12 GEER program funds, we selected separate samples of ISDs. We used the same randomly selected 4 ISDs that we used for our Early On testing (see above) and then judgmentally selected the 2 ISDs that were allocated the largest amount (more than \$80,000) of K–12 GEER program funds.

For the sample of 50 LEAs and 6 ISDs that were allocated K–12 GEER program funds, we confirmed that each entity submitted an application with a budget that included uses of

⁵³ We found that of the 613 LEAs and ISDs that were allocated GEER grant funds, 10 LEAs and 3 ISDs did not receive GEER grant funds because they either closed or refused the funds after MDE notified them of their allocation. As a result, 547 LEAs and 53 ISDs actually received GEER grant funds.

funds under allowable expenditure categories, signed the required assurances, and received an award notification from Michigan.

Table 2 shows the universes, sample sizes, and sampling methodologies related to our testing of the K–12 GEER program.

Table 2. LEA and ISD Universes and Samples for K–12 GEER Program Testing

Testing Purpose	Universe	Sample Size	Methodology
Award Process LEAs	613 LEAs and ISDs	50 LEAs (8 percent)	Judgmentally selected 10 LEAs with largest allocations and 40 from remaining 603 using simple random sampling
Award Process ISDs	56 ISDs	6 ISDs (11 percent)	Judgmentally selected 2 ISDs with largest allocations and 4 using simple random sampling (the 4 is the same sample of ISDs in Table 1, row 1 above).
Data Reliability LEAs	832	832 (100 percent)	100 percent review
Data Reliability ISDs	56	10 (18 percent)	Simple random sample

FFF Scholarship Program Samples

To determine whether Treasury and LEO followed their award processes for the FFF Path 1 and FFF Path 2 scholarship program, we conducted testing on a sample of 25 Path 1 students and 5 Path 2 students.

FFF Path 1 Sample

To determine whether Treasury and LEO followed their award processes for the FFF Path 1 scholarship program, we first selected a sample of 5 (16 percent) of the 31 IHEs participating in the FFF Path 1 scholarship program. That sample consisted of 3 IHEs that we judgmentally selected based on them receiving the largest amount of GEER grant funds (more than \$1.4 million) as of August 5, 2021, and 2 IHEs that we selected using nonstatistical random sampling after removing the 3 IHEs that had already been selected and 2 IHEs that received less than \$10,000 in GEER grant funds as of August 5, 2021. From the 5 selected IHEs, there were 1,874 total unique students who received

GEER grant funds. We selected a nonstatistical random sample of 25 (1 percent) students (we selected 5 students from each IHE).

For the sample of 25 students, we confirmed that the students applied for the FFF program by December 31, 2020, were approved for FFF Path 1, met the eligibility requirements, and were taking the required number of program credits.

To test Treasury's reimbursement process, we used the same sample of 25 students and confirmed that the amounts requested for reimbursement were calculated correctly and that the student accounts were credited for the correct GEER grant amount.

Table 3 shows the universes, sample sizes, and sampling methodologies related to our testing of the FFF Path 1 scholarship program.

Table 3. IHE and Student Universes and Samples for the FFF Path 1 Scholarship Program Testing

Testing Purpose	Universe	Sample Size	Methodology
Award/Reimbursement Process-Step 1 (IHEs)	29 IHEs	5 IHEs (17 percent)	Judgmentally selected 3 IHEs with largest amount of GEER grant funds and used simple random sampling to select 2 that received at least \$10,000 in GEER grant funds
Award/Reimbursement Process-Step 2 (Students)	1,874 students	25 students (1 percent)	Used simple random sampling to select 5 students from each of the 5 selected IHEs
Data Reliability	1,874 students	1,874 students (100 percent)	100 percent review

FFF Path 2 Scholarship Program Samples

To determine whether LEO followed its award processes for FFF Path 2 scholarship program, we selected a nonstatistical random sample of 5 (1 percent) of the 389 students who received GEER grant funds for the FFF Path 2 program.

For the sample of 5 students, we confirmed that the students applied for the program by December 31, 2020, were approved for Path 2, and met the eligibility requirements. We also confirmed that the students' adult education provider had a grant agreement and complied with the grant agreement requirements.

To determine whether LEO followed its reimbursement processes for the FFF Path 2 scholarship program, we used the same random sample of 5 students and confirmed that the adult education providers submitted reimbursement requests that included invoices and supporting documentation. We also compared students' data, such as name, enrollment date, and dates of diploma attainment, included with the reimbursement request to the participation data submitted to LEO by the provider.

Table 4 shows the universe, sample sizes, and sampling methodologies related to our testing of the FFF Path 2 scholarship program.

Table 4. Student Universe and Samples for FFF Path 2 Scholarship Program Testing

Testing Purpose	Universe	Sample Size	Methodology
Award/Reimbursement Process	389	5 (1 percent)	Simple random sample
Data Reliability	389	5 (1 percent)	Simple random sample (the is the same sample of students from the row above)

Other Education-Related Entities (excluding Early On) Sample

To determine whether MDE followed its award processes for the Evolution Labs, Building Healthy Communities: Step Up for School Wellness, television broadcast service for teachers and students, and teacher professional learning programs, we performed a 100 percent review of the award process for all three entities that administered the programs (Michigan Virtual University, Michigan Elementary and Middle School Principals Association, and Detroit Public Television).

For the three other education-related entities, we confirmed that each entity submitted an application with a budget that included allowable uses of funds, signed a grant award approval form, and received an award notification from MDE.

To determine whether grant funds were used for allowable purposes and whether MDE followed its reimbursement process, we reviewed invoices and supporting documentation for all expenditures reimbursed as of July 20, 2021. We reviewed the invoices to determine whether the expenditures agreed with the allocated budget categories included in the entities' grant application. We reviewed the supporting documentation to ensure that invoiced amounts were supported, and expenditures were for allowable uses.

Use of Computer-Processed Data

We relied, in part, on computer-processed data contained in Michigan's grant and financial management systems.

Total Expenditure Report

We used the Total Expenditure Report from Michigan's financial management system to determine whether Michigan adhered to cash management regulations. To test the reliability of the Total Expenditure Report, we compared it to the GEER grant drawdowns from the Department's G5 system and reviewed supporting documentation,

including the program-specific expenditure reports from the cash management system, for a sample of expenditures. We found this data to be complete, accurate, and reliable for our purposes.

FFF Path 1 Student Universe

To test the reliability of the FFF Path 1 student universe, we accessed Treasury's Michigan Student Scholarships and Grants data management system and compared eligible Path 1 students included in the student universe in the system to the student universe Treasury officials provided to us. We then compared the two data sets to ensure the completeness and accuracy of the universe. We confirmed that the student identification numbers, IHE name, and scholarship amounts in the data management system matched the data in the student universe that Treasury officials provided to us. We found this data to be complete, accurate, and reliable for our purposes.

FFF Path 2 Student Universe

To test the reliability of the FFF Path 2 student universe, we determined the universe of students by identifying the FFF Path 2 students who had a GEER payment included in LEO's invoice tracking spreadsheet. We then accessed LEO's MAERS reporting system⁵⁴ and determined the number of students who were accepted to the FFF Path 2 program and enrolled with an adult education provider. We compared the two data sets to ensure that the universe of FFF Path 2 students included on LEO's invoice tracking spreadsheet matched the data in MAERS. We then verified that the student information (such as name, birth date, and adult education provider) and invoiced amount from the tracking spreadsheet matched the invoices submitted by the adult education provider for a random sample of five students. We found this data to be complete, accurate, and reliable for our purposes.

Allocation Spreadsheets

Michigan allocated K–12 GEER program funds to 557 eligible LEAs and to all 56 ISDs in the State.⁵⁵ To test the reliability of the K–12 GEER program allocation spreadsheet, we verified that the allocation calculations for all 557 LEAs and 56 ISDs were accurate. Also,

⁵⁴ LEO's MAERS reporting system contained application and enrollment data but did not contain invoices or payment data. Invoices and payments were tracked manually by LEO on an invoice tracking spreadsheet.

⁵⁵ Michigan determined that 557 of the 832 LEAs in the State were eligible to receive K–12 GEER grant funds. An LEA was eligible to receive the grant funds if over 50 percent of its student population was considered economically disadvantaged. All ISDs were eligible for K–12 GEER grant funds.

for all 832 LEAs and a randomly selected sample of 10 of the 56 ISDs, we verified that the counts of total students, economically disadvantaged students, students with disabilities, English language learners, and FTEs in the allocation spreadsheet to data from the National Center for Education/Elementary and Secondary Information System, Civil Rights Data Collection system, Michigan's school data website, and the State of Michigan 2019-2020 State Aid Financial Status Report. We found this data to be complete, accurate, and reliable for our purposes.

To test the reliability of the Early On program allocation spreadsheet, we verified that the allocation calculations and allocated amounts were accurate and agreed with the allocation methodology and birth count information provided. We found this data to be complete, accurate, and reliable for our purposes.

Based on the work we performed, we determined that the data were sufficiently reliable for us to use in meeting the audit objectives.

Department's G5 System

We also relied on computer-processed data obtained from the Department's G5 system. We used the G5 grants management system to perform cash management testing and identify the amount of GEER grant funds Michigan drew down and returned as of November 12, 2021. The G5 grants management system is the official system of record for the Department's grants data. As a result, we considered it to be the best available data for its intended purpose.

Compliance with Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B. Acronyms and Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
FFF	Future for Frontliners
GEER grant	Governor's Education Emergency Relief Fund
GEMS/MARS	Grant Electronic Monitoring System / Michigan Administrative Review System
IHE	Institution of Higher Education
ISD	Intermediate school district
LEA	Local Education Agency
LEO	Department of Labor and Economic Opportunity
MAERS	Michigan Adult Education Reporting System
MDE	Michigan Department of Education
MDE Financial Management	Michigan Department of Education Office of Financial Management
Michigan	State of Michigan
OMB	Office of Management and Budget
Pell	Federal Pell Grant
SBO	Michigan State Budget Office
Treasury	Michigan Department of Treasury

Michigan's Comments



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL F. RICE, Ph.D.
STATE SUPERINTENDENT

August 11, 2022

Ms. Teri L. Lewis, CGFM
Assistant Regional Inspector General for Audit
United States Department of Education
Office of Inspector General
400 Maryland Ave., S.W.
Washington, D.C. 20202-1510

RE: ED-OIG/A20GA0039

Ms. Lewis:

The State of Michigan is writing in response to the United States Department of Education Office of Inspector General's (ED OIG) draft audit report titled "Michigan's Administration of the Governors Emergency Education Relief Fund Grant (GEER)," dated July 12, 2022, control number ED-OIG/A20GA0039.

The GEER grant provided the State of Michigan the opportunity to support local educational agencies (LEAs) and institutions of higher education (IHEs) during an unprecedented global health crisis. As the draft report indicates, the State of Michigan set out to distribute funds to programs aligned with the intent of the Coronavirus Aid, Relief, and Economic Security Act (CARES), and no funds were disallowed.

We would like to thank the audit team for their time and attention and the opportunity to improve our processes. Please see the State of Michigan's responses to the findings and recommendations below.

Finding 1: Michigan Did Not Maintain Sufficient Documentation to Support GEER Fund Grant Awards Made to Four Education-Related Entities

State of Michigan Response: The State of Michigan agrees in part with the finding and related recommendations. The State of Michigan maintains that it did have a highly collaborative selection process, which aimed to identify programs that could be deployed quickly, have a statewide impact, and support a full array of essential emergency educational services. Much of this process is described in the report, including the documentation of the final recommendations with key decision points for the grants to LEAs and IHEs (representing 94% of the total GEER funding allocations), as well as descriptions and recommended funding amounts for each of the other education-related programs. The documentation also referenced how each recommendation connected to applicable policy priorities and listed the entities not selected with descriptions of why they were not selected.

The State of Michigan acknowledges that, in its attempt to deploy funds to mobilize these critical resources in an expedited manner (as required by United States Department of Education guidance) and with the understanding the program was intended to give Governors "wide discretion in determining the entities in the State that will receive GEER funds" (FAQ A-5), some aspects of the process were not as well documented as they could have been. For example, the 45-day plan submitted could have provided greater detail regarding the evaluation and selection process. The State of Michigan also acknowledges that in absence of a specified process being stipulated in the federal guidance, a formal scoring rubric was not developed; however, such documentation could have been used to enhance the quality of documentation supporting the recommendations. The State of Michigan was able to support how each entity was awarded funds and had an approved budget via the Michigan Department of Education's (MDE) grant application system as described in the audit report.

Recommendation 1.1: Provide documentation, or a full and detailed explanation, of the process Michigan used to determine that the four education-related entities that received GEER grant funds were essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs.

State of Michigan Response: Since receiving the draft report, the State of Michigan has provided a full, detailed explanation of the selection process Michigan used to determine that the four education-related entities that received GEER grant funds were essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, or protecting education-related jobs. All documentation has been submitted along with this response, as corrective action addressing recommendation 1.1 of this report. See Exhibit 1.

Recommendation 1.2: Develop and implement a process to ensure that it documents the criteria and decisions made for awarding future GEER grant funds in accordance with applicable requirements.

State of Michigan Response: Since receiving the draft report, a full, detailed explanation of the selection process has been provided to ED OIG, along with this response, as corrective action addressing the recommendation 1.1 of this report. In addition, the State of Michigan intends to use the documentation provided as corrective action for recommendation 1.1 to enhance the existing documentation supporting the decisions made for the GEER funds provided through the CARES Act as a model to ensure that the criteria used, and decisions made, are adequately documented for future GEER grant funds should they become available. This enhanced

documentation, is intended to serve as the corrective action to address recommendation 1.2. See Exhibit 1.

Finding 2: Michigan Did Not Design and Implement Sufficient GEER Fund Monitoring Processes for Some Of Its Subgrantees

State of Michigan Response: The State of Michigan agrees with the finding. The State of Michigan was able to provide documentation of limited monitoring activities as described in this audit report and has a signed contract to conduct additional monitoring with a consultant going forward. See Exhibit 2 for a sample summary of the contracted risk assessment and monitoring activities.

Recommendation 2.1: Timely design and implement a monitoring plan that will ensure that K–12 GEER and Early On program subgrantees’ use of GEER grant funds complies with the CARES Act and other applicable Federal requirements. The monitoring plan should include protocols to review, on at least a sample basis, and using a risk-based approach, supporting documentation for subgrantee expenditures charged to the GEER grant to provide assurance that funds were used for allowable purposes.

State of Michigan Response: The State of Michigan agrees with the recommendation and can confirm that a program review was included in the monitoring plans for K–12 GEER and Early On during the audit period. The State of Michigan was already developing monitoring protocols to sample and review supporting documentation and award calculations. The State of Michigan has executed a contract with a consultant to complete the risk assessment and monitoring process for K–12 GEER and Early On program subgrantees’ use of GEER grant funds to ensure compliance with the CARES Act and other applicable Federal requirements. The monitoring plan includes a risk assessment over each program and protocols to use a risk-based approach to review subgrantee expenditures for allowability against the GEER grant. A sample summary of key monitoring information for the K-12 program has been provided to demonstrate the process and risk assessment efforts already completed. This same model will be used to assess and monitor the other six GEER funded programs with all risk assessment and monitoring activities projected to be completed by the end of September 2022. See Exhibit 2.

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Recommendation 2.2: Develop and implement a process to review, on at least a sample basis, and using a risk-based approach, supporting documentation and award calculations for the Futures for Frontliners (FFF) Path 1 scholarship awards.

State of Michigan Response: The State of Michigan agrees with the recommendation and can confirm that a program review was included in the monitoring plans for FFF Path 1 during the audit period. The State of Michigan was already developing monitoring protocols to sample and review supporting documentation and award calculations for FFF Path 1 awards. Program reviews are conducted following a full academic year cycle, thus the monitoring protocols will be implemented by October of 2022.

The State of Michigan is committed to awarding, distributing, and monitoring relief funds in accordance with federal regulations to support LEA's and IHEs.

Sincerely,

(b) (6)

Kyle L. Guerrant
Deputy Superintendent
Division of Finance and Operations

U.S. Department of Education
Office of Inspector General
ED-OIG/A20GA0039

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EXHIBIT 1

Michigan's Process for Selecting Other Eligible Entities Awarded GEER Funds

Given the emergency nature of these funds, and the urgency to expedite the grant funding, the following process was utilized to ensure that selected programs aligned with remote learning policy goals, and that funds could be deployed quickly to provide resources to our students, teachers, schools, and parents in response to the COVID-19 pandemic.

STEP 1 – RECEIPT OF PROPOSAL. The State Budget Office (SBO) did not solicit proposals; however, many entities took it upon themselves to submit proposals to the State. These proposals from external entities did not come all at one time but over several months. When a proposal was received SBO implemented the next steps.

STEP 2 – EVALUATION. SBO took proposals evaluating them against each other. These determinations were based on a variety of factors and were subject to the proposals themselves. Limited availability of funding meant only a portion of proposals could receive a grant award. Specifically, SBO's evaluation focused on the following:

- Does the applicant meet GEER requirements of emergency educational services, providing childcare and early childhood education, providing Social Emotional Learning (SEL), or protecting education related jobs?
- Whether the program would have a statewide impact. It was determined that proposals that only benefited one school district or a small geographic area of the state should be funded with GEER dollars allocated specifically to districts.
- Whether the proposal would have a targeted approach in addressing key policy priorities such as but not limited to student connectivity, student mental health, remote learning material and training, and addressing learning loss.
- Whether the program could start up immediately. Due to the urgency of the pandemic and the direction to spend funds quickly, it was believed that funding should not be for building new programs but must rather be used for entities that could rapidly deploy services.

STEP 3 – RECOMMENDATION. Recommendations were made to the Governor's office on which proposals should be funded based on step 2. Reasoning was provided for those entities not recommended for funding.

STEP 4– GOVERNOR'S DETERMINATION. After reviewing SBO's recommendation the Governor's office determined which proposals would support Michigan students with the impacts they were facing due to the COVID-19 pandemic. This included some recommendations provided by SBO from external

entities as well as other statewide programs recognized by the governor as essential for addressing the public health emergency.

After awarding funds directly to school districts and for the Futures for Frontliners program, \$5.4 million remained available. Five programs meeting the above criteria were recommended for funding. These selected programs met both the evaluation criteria as well as the allowable uses of GEER funds. As outlined in the draft narrative:

- \$1 million to Michigan Virtual University for the Evolution Labs program
[Purpose: Social Emotional Supports / Student Mental Health]
- \$500,000 to the Michigan Elementary and Middle School Principals Association for the Building Healthy Communities: Step Up for School Wellness program *[Purpose: Social Emotional Supports / Student Mental Health]*
- \$1.5 million to Detroit Public Television (DPTV) for a Statewide broadcast service to support teachers and students *[Purpose: Remote learning supports/Addressing learning loss]*
 - There was a suggestion that DPTV did not submit an external request. This is partially correct, but we would like to provide clarification. On both May 27th and July 7th DPTV reached out to request state funding, although not for GEER funding specifically; however, this program was proposed in the Governor's Executive Budget for FY2021, so a decision was made to utilize GEER funding to allow the program to commence work sooner.
- \$1.4 million to Michigan Virtual University for a partnership between three State IHEs (Michigan Virtual University, Michigan State University, and the University of Michigan) for teacher professional learning *[Purpose: Teacher training / protection of education-related jobs]*
- \$1 million to MDE's Office of Great Start for the Early On program, an existing early intervention program for children aged 3 and under. *[Purpose: Early childhood education]*

The selected recipients all provide essential education services, as described in the GEER guidance, and aligned with the evaluation criteria described above. Moreover, the recipients were all programs and organizations with whom the State has previously awarded state dollars or had ongoing discussions, reducing risk of fraud, abuse, or noncompliance with CARES Act requirements and other Federal regulations; and at the same time increasing the likelihood that programs could be rapidly deployed to respond the needs of students and schools during the height of

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the COVID-19 pandemic. Additionally, all these programs were proven to be effective in carrying out those services, as noted in the audit report, and as demonstrated as part of the monitoring activities conducted by MDE.

GEER | Program: K -12 Schools

Program Overview

\$60 M CARES Act Funding

GEER I allocates \$60 million to Local Educational Agencies (i.e., public schools and Intermediate School Districts) for carrying out services necessitated by the COVID-19 pandemic, including connectivity, mental/physical health, remote learning, and teacher training. Target populations are economically disadvantaged students, special education students, and English Language Learners. Funding expended by 9/30/21 deadline, performance reports due 10/30/21, and final expenditure reports due 11/29/21.

Program Administration

State Agency: Michigan Department of Education
State Point of Contact: Juan Suasto, suasto@michigan.gov

Program Risk Assessment Results

Overall Risk Assessment **Medium**

Program Structure

Obligation Type: Grant

Subrecipients

Does the program involve subrecipients? Yes

Subrecipient Type(s): Public Schools and School Districts

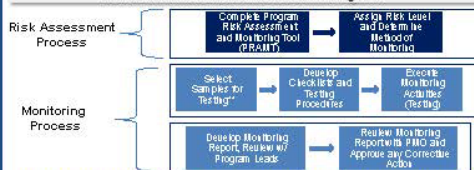
Payment Type: Ongoing/Advance

Do the subrecipients typically receive grants? Yes

Does the State often deal with these subrecipients? Yes

Proportion of subrecipients that typically have single audit: Majority

Overview of State of Michigan Process for Risk Assessment/Monitoring of COVID-19 Federal Stimulus-Backed Programs



Note: The State prioritized the K-12 program for risk assessment and monitoring due to its size and complexity. The State will apply as its risk approach to the other risk programs that were backed by GEER funds.

Program Monitoring Plan

Subrecipients	Total	Amount	# Monitoring	\$ Monitoring
High Risk Subs	9	\$779K	5	\$389K
Medium Risk Subs	79	\$12M	20	\$3M
Low Risk Subs	525	\$47M	27	\$2M
Total	613	\$60M	52	\$5.39M

1. Evaluate program risk assessment. 25% medium risk and 5% low risk subrecipients to be monitored. Factors for sub risk scores (range from 1-10) include consultant responses, allocation amount, audit findings, graduate percentage, achievement scores.
2. Obtain datafiles and determine population. Population summary: 613 eligible applications based on allocations with risk scores ranging from 1-10 based on 2019-2020 risk assessment.
3. Design sampling/testing plan with MDE based on application components, eligible uses (see Program Overview), and consideration of 9/30 obligation deadline.
4. Perform sampling and testing. Attributes include complete application, recipient eligibility, proper calculation of formula allocations, equity performance results, and accuracy of federal expenditure reports.
5. Review results with MDE and report out upon completion of monitoring.