



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



JENNIFER M. GRANHOLM  
GOVERNOR

THOMAS D. WATKINS, JR.  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

May 13, 2004

Ms. Peggy Vaughn  
Principal  
Walter French Academy  
1900 South Cedar Street  
Lansing, MI 48910-9185

Dear Ms. Vaughn:

On January 20, 2004, the Walter French Academy received an onsite review of its 2001-2002 School Renovation, IDEA, and Technology grant—Category 1, Urgent School Repair. The Academy was found out of compliance under U.S. Department of Education General Administrative Regulations §80.30 (d). Walter French Academy expended \$135,000 of grant funds for projects that were not approved in the building identified in the grant proposal. On February 17, 2004, our office sent a letter to you explaining the situation and requesting \$135,000 to be returned in 30 days. On April 14, 2004, at the request of Leona Group attorney, Ms. Sherry Katz-Crank, we had a meeting to discuss the situation. Ms. Katz-Crank indicated that she would put her request for further information and clarification in writing on your behalf. To date, our office has had no further contact from you or her. To bring closure to this grant, the procedure outlined below must be followed.

If you disagree with the Department of Education's decision to require the return of the \$135,000, you have 14 days from the date of this letter to file your appeal. Please see the enclosed appeal process. If the Michigan Department of Education does not receive a written request to appeal within the 14-day time limit, the grant will be de-obligated by \$135,000. Because the full amount of the grant has been requested, this action will put Walter French Academy into an overpayment status. The overpayment balance will be deducted from future Title I or other funds Walter French Academy receives until the overpayment is resolved.

Questions regarding this letter may be directed to Dwight Sinila, Education Consultant at 517-373-1806.

Sincerely,

Mary Ann Chartrand  
Supervisor  
Grants Coordination

Enclosure

cc: Steve Thomas, Central Michigan University  
Lori Schomisch, Chief Accountant  
Greg Olszta, Public School Academy Liaison  
Theodore Beck, Board President, Walter French Academy

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CHAPTER V.  
REVIEW PROCEDURES FOR CONTESTED DECISIONS

Michigan school districts and other clients of the Michigan Department of Education shall have access to review procedures in regard to decisions and actions taken on grant applications, monitoring visits, and the enforcement of reporting requirements.

IN MATTERS OF BUDGET DEVIATIONS AND FAILURE TO APPLY FOR GRANT FUNDS, THE APPEAL STEPS WILL BE LIMITED TO STEPS ONE THROUGH FOUR AS DESCRIBED BELOW. IN ALL OTHER MATTERS OF APPEAL, the procedures for notification and review are as follows:

1. The service area director or his/her representative shall determine:
  - (a) if a grant application does not meet prescribed program criteria, whether eligibility is denied or what part(s) of the application must be revised to conform to the prescribed program criteria for further consideration of eligibility; (b) if an approved program is in non-compliance; or (c) if reporting requirements have not been met. In a case of non-compliance, the service area director may rescind an approval, give a deferred disapproval, or place the program on a lower funding priority.
2. The service area director or representative shall notify each eligible recipient of the Department's action.
  - a. In the case of rescinding an approval, the notification shall include the reasons for the action and a statement that disapproval of the program will not preclude its reconsideration or resubmission.
  - b. In the case of a deferred disapproval, notification shall include the reasons for the action and the date on which a deferred disapproval will become effective.
  - c. In the case of placing a program on a lower funding priority, the notification shall include reasons for the action and how the higher funding priority can be reinstated.
3. An eligible recipient which intends to contest the Department's action shall notify the appropriate service area director in writing within 14 calendar days of receipt of the Department's decision. Within an additional 16 calendar days of receipt of that decision, the recipient shall submit a written request for review which shall state: (a) the action of the Department which is questioned; (b) the issues upon which the Department's action is challenged; and (c) all pertinent facts related thereto.
4. Upon receipt of such a request, the appropriate service area director shall prepare a written reply in duplicate within 30 calendar days. Such a reply may include a change of position by the Department or an affirmation of its original position, in whole or in part.
5. Within 14 days of receipt of the reply from the Michigan Department of

Education, the party denied funds shall indicate whether it wishes to continue the request for review by the Department. Such notification shall be sent to the service area director. If the timing of local board of education meetings prevents the recipient party from acting within the allotted 14 days, the party shall send the service area director written notification of this fact within the initial 14-day period. A party providing this notification shall have a total of 30 days to submit a request for continued review.

6. Within 14 calendar days of receipt of notice indicating a further review of the decision, a final meeting shall be scheduled. At this time there shall be a discussion including the challenging party, personnel from the involved service area, and an associate superintendent; choice of whom shall be based upon facts previously presented by the involved service area and the challenging party.
7. The associate superintendent shall make a decision based on the facts presented. Notification of the decision, with the reasons, shall be given in writing to the challenging party by the associate superintendent.
8. If not satisfied, the challenging party may transmit his/her request for review to the superintendent/deputy within 14 calendar days of the associate superintendent's notification of the ruling.
9. The superintendent/deputy may make a ruling based upon the facts presented, or the superintendent/deputy may convene a review panel of three members.
10. If a review panel is convened, within 14 calendar days of its information and receipt of materials, the panel shall review the documentation and decisions for the purpose of making one of the following recommendations to the superintendent/deputy:
  - a. Further review is not warranted based upon the facts presented. The review should end. Original staff decision is supported.
  - b. Further review is warranted based upon the facts presented. Original staff decision should not be supported.
  - c. Further review may be unwarranted because there is an alternative solution which can be suggested to the challenging parties. Original staff decision should be modified.
11. The superintendent/deputy shall make a decision regarding the contested decision. All decisions are based on the applicable law and the policies of the State Board of Education.
12. A quarterly report of such decisions shall be presented by the Superintendent of Public Instruction to the State Board of Education.



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JENNIFER M. GRANHOLM  
GOVERNOR

THOMAS D. WATKINS, JR.  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

February 13, 2004

Ms. Peggy Vaughn  
School Leader  
Walter French Academy  
1900 S. Cedar St.  
Lansing, MI 48910-9185

Dear Ms. Vaughn:

The Grants Office has completed its review of your 2001-2002 School Renovation, IDEA, and Technology grants. The Category 2A-IDEA and Category 2B-Technology grants were reviewed and will be found in compliance with federal and state regulations upon receipt of required documentation. Carol Guse, Director of Grant Operations of the Leona Group, committed to send acquisition inventories, correct student attendance records, and professional development artifacts. Once this documentation is received, no further action will be necessary with these grants.

The Category 1-Urgent School Repair grant has the major issue of misappropriation and unaccounted federal grant funds. For example, \$21,000 of the grant funds approved by MDE for the installation of radiant heater covers was diverted to non-approved projects. At the time of the on-site review, your district could not account for a total of \$135,443. Please see the attached table.

The Walter French Academy is directed to return the \$135,443 of misappropriated and unaccounted for federal grant funds to the Michigan Department of Education. Your check for the Category 1-Urgent School Repair funds should be made payable to the Michigan Department of Education. Failure to return the funds promptly will result in interest being applied. The check should include the grant number (022410-1) along with your district code (33905). Mail the check with a brief explanation for the return on your district letterhead to:

Ms. Deborah Roberts, Chief Cashier  
Michigan Department of Education  
608 W. Allegan St., P.O. Box 30008  
Lansing, MI 48909

Questions regarding this letter may be directed to Dwight Sinila, Education Consultant, at 517-373-1806.

Sincerely,

Mary Ann Chartrand  
Supervisor  
Grants Administration  
and Coordination

cc: John Nordlinger

Enclosure

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**MICHIGAN DEPARTMENT OF EDUCATION**  
**OFFICE OF BUDGET, CONTRACTS, AND GRANTS**

Walter French Academy - Category 1 Urgent School Improvement

Approved Projects	Budgeted Cost	Documented Expenditures	Shortfall
Install covers over 42 radiant heaters	\$21,000	\$0	\$21,000
Replace fixtures in bathrooms and bring up to code	\$60,000 Reduce to \$56,000 due to budget adjustment	\$3,590	\$52,410
Remove temporary partitions and disconnect any electrical or computer lines	\$8,000	\$8,000	\$0
Install new electrical and computer lines in West Wing	\$10,000	\$3,108	\$6,892
Rip up carpet in classrooms; replace with Armstrong Excelon Vinyl Composite (60,000 sq ft @ \$1.50 pr)	\$90,000	\$34,209	\$55,791
Install partitions for new office	\$16,000	\$16,650	\$-650
<b>Grant Award</b>	<b>\$201,000</b>	<b>\$65,557</b>	<b>\$135,443</b>

Mr. Southworth, Assistant Director of General Operations, and Carol Guse, Director of Grant Operations, stated that time constraints did not permit the Academy to complete the projects before school started in the fall of 2003. They chose to use the grant funds, without informing the Grants Office, for other school needs such as air conditioners, roof repairs, ventilation, playground improvements, and water fountains.

There are \$135,443 of unauthorized expenditures of the Category 1-Urgent School Repair grant funds.