

OSEP'S NEW IDEA PART B FISCAL MONITORING

An Overview and Introduction to the Monitoring Protocols

OSEP'S AUGUST 2016 NATIONAL TA CALL



Goals for this Presentation



- Provide an Overview of OSEP's Fiscal Monitoring in Context of Differentiated Monitoring and Support (DMS)
- Provide an Overview of Fiscal Monitoring Focus Areas
- Review Monitoring Protocols
- Discuss Next Steps

OVERVIEW OF DMS

DMS BASICS



- Replaces cyclical, one size fits all monitoring with monitoring and support based upon needs of State and best use of OSEP resources
- Based upon assessment of risk to the Department and IDEA:
 - Starts with Organizational Assessment in key areas
 - Evaluates additional factors about State and OSEP resources
 - All States receive designation of intensive, targeted or universal in each key area

Organizational Assessment Areas



Each State is scored based on a rubric in the following areas:

- Results
- Compliance
- Special Focus Area (2015-16- Dispute Resolution)
- Fiscal

Engagement Decision Tree



Results					
Determination Matrix Percentage	Any factors that may contribute to elevated risk	TA accessed	State capacity to improve results	Additional data needed	Final IT recommendation re: level of monitoring and TA
Compliance					
Determination Matrix Percentage	Any factors that may contribute to elevated risk	TA accessed	State capacity to identify and correct	Additional data needed	Final IT recommendation re: level of monitoring and TA
Special focus: State-level Dispute Resolution System					
Organizational Assessment Score	Any factors that may contribute to elevated risk	TA accessed	State capacity to implement a compliant system	Additional data needed	Final IT recommendation re: level of monitoring and TA
Fiscal					
Organizational Assessment Score	Any factors that may contribute to elevated risk	TA accessed	State capacity to implement a compliant system	Additional data needed	Final IT recommendation re: level of monitoring and TA
SSIP					
	Challenges or barriers to implementation	TA accessed	State capacity to implement the SSIP	Additional data needed	Final IT recommendation re: level of monitoring and TA

DMS Notice



- After OSEP assigns final designations, States receive DMS notices, with designation for all monitoring areas
- OSEP State teams work with States to finalize and schedule intensive monitoring and targeted monitoring and support activities

PART B FISCAL MONITORING

Fiscal Risk Factors: 2015-16



Date of Last Monitoring Visit	Percent of State-Level funds budgeted for Required Activities (Monitoring and Dispute Resolution)
Turnover in Leadership	Maintenance of State Financial Support
Audits- Corrective Actions	Unresolved Fiscal Monitoring Findings
Size of the Award	

Monitoring Activities Summer 2016



- **Intensive Monitoring:** On-site visits focused on:
 - LEA Allocations
 - Subrecipient Monitoring
- **Targeted Monitoring and Support:** Continuation of ongoing activities
- **Universal Support:** Webinars, Resources on GRADS 360, TA by phone and email

LEA ALLOCATIONS PROTOCOL

LEA Allocations: Objectives



- Highlight best practices for the field
- Provide TA to States
- Determine States' internal capacities and deficiencies requiring additional OSEP attention
- Test SEA's processes for allocating IDEA funds to its LEAs to ensure compliance

LEA Allocations: Protocol Components



- Base payments
- Base payment adjustments
- Population and poverty
- Charter school allocations
- 619 allocations when funding below 1997 level

Base Payments



- **611:** 75% of an LEA's FFY 1999 section 611 grant
- **619:** 75% of an LEA's FFY 1997 section 619 grant
- Base payment does not change unless adjustment required (see next slide)

See 34 CFR §§300.705(b)(1) and 300.816(a)

When to Make Base Payment Adjustments



Adjustments only made when one of the following conditions exist:

- New LEA (including charter school) created
- One or more LEAs combined
- Two or more LEAs' boundaries change
- LEA received base payment of \$0 in first year
- Charter School LEA significantly expanded enrollment

34 CFR §§300.705(b)(2) and 300.816(b)

How to Make Base Payment Adjustments



- Differs for each of the conditions
- Basic principles are:
 - Adjustments made only for affected LEAs, not all LEAs
 - Based upon relative numbers of CWDs 3-21 for section 611, or CWDs 3-5 for section 619, currently provided special education by each affected LEA

Population and Poverty



- **Population:** 85% of any funds remaining after base is allocated to LEAs based on the relative numbers of children enrolled in public and private elementary and secondary schools within the jurisdiction of the LEA
- **Poverty:** 15% of any remaining funds based on the relative numbers of children enrolled in public and private elementary and secondary schools within the jurisdiction of the LEA

See 34 CFR §300.705(b)(3)(i), and 300.816(c)(1);

New and Significantly Expanding Charter School LEAs



- Use actual enrollment figures for the current year, not data from prior year
- Follow proportionate amount of funding required under 34 CFR §§76.792 –76.793
- Follow State rules for definition of significantly expanding charter schools
- Refer to relevant requirements for base payment adjustments

619 Allocations when Funding Below 1997 level



After subtracting State set-aside amount from total award:

- If amount available for subgrants $< 75\%$ of State's FFY 1997 619 Award: Ratably reduce LEAs' base payment, no pop and poverty
- If amount available = 75% of State's FFY 1997 619 Award: Make base payments, no pop and poverty
- If amount available $> 75\%$ of State's FFY 1997 619 Award: Make base payments, pop and poverty

Best Practices



- Detailed written policies and procedures in accordance with requirements
- Documentation of all allocations and adjustments
- Internal Controls: separation of duties; crosschecks on calculations; multiple sign-offs

Documents needed



- For full list see Grads 360
- Examples include:
 - a. Allocation policies and procedures
 - b. Allocations (w/calculations) for 2013-14; 2014-15; and 2015-16
 - c. Documentation of base payment adjustments

SUBRECIPIENT MONITORING PROTOCOL

Subrecipient Monitoring: Objectives



- Review the requirements for fiscal subrecipient monitoring
- Discuss the State's existing monitoring system
- Discuss the State's plans for revising its system in light of the Uniform Guidance
- Identify any gaps between the State's system and the requirements in the Uniform Guidance

Subrecipient Monitoring: Objectives Continued



- Discuss how subrecipient monitoring can be aligned with the goal of improving outcomes for students with disabilities and achieving the SIMR described in the State's SSIP
- Discuss best practices identified at the Federal level
- Help OSEP continue to identify best practices

Subrecipient Monitoring: Protocol Components



- Subrecipient Monitoring Requirements under the Uniform Guidance
- State's Current Monitoring Procedures
- Proposed Monitoring Procedures
- Single Audit Responsibilities

Subrecipient Monitoring under the Uniform Guidance



1. Subaward notice includes required information
2. Evaluate subrecipient's risk of noncompliance
3. Impose specific conditions if appropriate
4. Monitor the activities of the subrecipient as necessary

2 CFR § § 200.328(a) and 331

Subrecipient Monitoring under the Uniform Guidance Continued



5. Based on assessment of risk, consider monitoring activities (TA, on-site monitoring, etc)
6. Verify that every subrecipient is monitored as required
7. Consider if audits and monitoring requires adjustment in entities own records
8. Consider taking enforcement action

2 CFR §§200.328(a) and 331

Discussion Questions on Current Monitoring Procedures



- How do you select LEAs for monitoring?
- Do you currently conduct a risk assessment?
- Do you conduct programmatic monitoring and fiscal monitoring together, separately, or some combination?
- Do you monitor jointly with other offices responsible for Federal programs (e.g., Title I)?
- How do the results of monitoring inform the TA provided to LEAs?

Discussion Questions on Revised Monitoring Procedures



- Are you revising your monitoring procedures?
- If so, how?
- Do the procedures follow requirements and recommendations of Uniform Guidance?

Single State Audits



- How do you verify that every subrecipient is audited as required?
- How do you fulfill the requirement to issue a management decision for IDEEA-related audit findings?
- Who is responsible for ensuring timely correction of the audit finding?
- Do you track repeat audit findings?

Documents Needed



- For full list see Grads 360
- Examples include:
 - Current monitoring procedures and protocols
 - Proposed monitoring procedures and protocols
 - Monitoring cycle, if applicable
 - Risk rubric/assessment/factors
 - Summary of IDEA-related fiscal monitoring and audit findings for prior two years

Resources



Relevant resources have been posted on <https://osep.grads360.org/#program/fiscal-monitoring>, including:

- This PowerPoint
- Monitoring Protocols
- Fiscal Monitoring Overview
- Related Resources

More Questions?:

Contact your Fiscal Accountability
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