

FISCAL MONITORING PROCEDURES MANUAL FOR LOCAL EDUCATION AGENCIES (LEA) AND SUBRECIPIENTS

IDEA PART B SECTION 611 & 619 (PRESCHOOL) FEDERAL GRANTS

2020

Special Education Operations Unit

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DRAFT

FISCAL MONITORING PROCEDURES

Overview

The Office of Superintendent of Public Instruction (OSPI) is the prime recipient of the Individuals of Disabilities Education Act (IDEA) grants awards under the Special Education – Grants to States Program and the Special Education – Preschool Grants Program. The OSPI Special Education team is responsible for administering those grants. That administrative responsibility includes the general supervision requirements of IDEA, as well as program and fiscal monitoring of subrecipients required by federal and state statutes and regulations.

Purpose and Authority

This manual contains the OSPI Special Education standards for fiscal monitoring and oversight. These procedures are developed to standardize guidelines concerning oversight, evaluation, and monitoring of each Washington Local Education Agency (LEA) and subrecipients.

This document sets forth the Policies and Procedures and identifies each component of the OSPI Special Education plan for fiscal monitoring of subrecipients of IDEA Part B and Preschool funds.

The federal regulatory provisions under which the OSPI Special Education team monitors for fiscal accountability and compliance are:

- 31. U.S.C. 7501-7507 Single Audit Act Amendments of 1996
- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - 2 CFR §200 Subpart F – Audit Requirements
 - 2 CFR §200.519 – Criteria for Federal program risk
- 34 CFR Part 300 – Assistance to States for the Education of Children with Disabilities
 - 34 CFR §300 Subpart F – Monitoring, Enforcement, Confidentiality, and Program Information

PROCEDURES AND METHODOLOGY

TECHNICAL ASSISTANCE

OSPI Special Education provides technical assistance to ensure that all subrecipients of IDEA awards are compliant with applicable federal and state statutes and regulations including Title 2 of the Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Title 34 CFR, Part 300, Assistance to States for the Education of Children with Disabilities. Technical assistance is provided as an integral part of the procedures outlined below or can be provided in specific areas of need, at the request of the subrecipient.

PRELIMINARY RISK ASSESSMENT

The OSPI Special Education Operations Unit uses established tools routinely to perform preliminary assessment of the risk posed by an LEA or subgrantee. These activities consist, of but are not limited to:

1. Review of Financial and Compliance Audit
 - a. State Audit of Federal Programs
 - b. LEA Audits
 - c. Annual Reports
 - d. A-133 Financial Statement Single Audits
 - e. Limited Scope Audits
2. LEA Fiscal Risk Assessment
3. IDEA Part B and Preschool application review:
 - a. Maintenance of Effort (MOE), Budget
 - b. Coordinated Early Intervention Services (CEIS)/Comprehensive Coordinated Early Intervention Services (CCEIS)
 - c. Excess Costs
 - d. Private School Proportionate Share
 - e. Charter Schools
 - f. Statement of Assurances, etc.

Desk Review

Desk reviews consist of, but is not limited to:

1. Review of subaward letters, contracts, files, documents, and related correspondence;
2. Review applicable federal and state regulations
3. Review budget or expenditure reports
4. Review audit reports as necessary
5. Review prior monitoring reports
6. Review subrecipient's equipment inventory and identify equipment/property that needs inspection (if any)
7. Review of written, board-approved, fiscal policies and procedures; and
8. Review of documentation of specific areas of concern, such as use of funds set aside for CEIS/CCEIS

On-Site Visit

On-site visits consist of, but is not limited to:

1. Opening Session: A description of the scope and purpose of the on-site monitoring visit, including fiscal areas to be reviewed and determination that information required to complete monitoring visit is available at the site.
2. Conduct Interviews: With staff involved with IDEA Part B grant activity (specifically business managers and special education directors); and arrange exit interview.
3. A detailed review of:
 - a. Fiscal and program records for compliance with IDEA Part B and Preschool requirements, generally accepted accounting principles and internal control best practices.
 - b. Review payroll distribution reports, time and effort reporting, and semi-annual certification to ensure compliance with time and effort requirements.
 - c. Review of contracts/agreements between LEAs and service providers paid with IDEA Part B funds to ensure that services to students with disabilities are being provided and payments are appropriate. Contracts shall be reviewed for dates, authorized signatures, amounts paid, and supporting documents to justify payment.






- d. Review staffing levels and operating procedures.
- e. Review subrecipient records on expenditures of IDEA Part B funds and supporting documents.
- f. Review of written board-approved fiscal policies and procedures as well as desk standard operating procedures.
- g. Procurement practices:
 - Adherence to contract requirements and instruction for purchases
 - Documentation of contract awards
 - Procedures for prevention of conflict of interest
 - Political activities prohibited
 - Property management
- h. Financial management
 - Standards for financial management systems
 - Fiscal controls and accountability
 - Record retention
 - Allowability of costs
 - Fiscal records, i.e. cash receipts, accounting journals, general ledger, accounts payable, purchase orders, cost allocation plan, etc.
 - Source documents, i.e. timesheets, contractor/vendor invoices, travel authorizations and reimbursements, etc.
- i. Payments for program activities such as travel, training attendance, etc.
 - Justification for the need of the activities, which may include agendas, training attendance records, mileage per diem reimbursements, parking receipts, etc.
 - Pre-approval records for out-of-state travel paid using IDEA Part B funds
 - Itemized and dated invoices and/or receipts for supportive service(s)
- j. Record Keeping
 - Records retention policy and procedure
- k. Equipment/Property Control Records
 - Equipment purchased with IDEA Part B funds must be tagged and used for the purpose of serving students with disabilities
 - OSPI approved capital projects are being used for proposed project purpose
 - Verification of prior approval, where applicable for equipment and/or capital projects above the \$5,000 purchasing threshold
 - Conduct a random check to determine if proper care and attention is being given to the maintenance, repair, and protection of federal property

The Operations Unit fiscal team will use the monitoring tool (Appendix I) to document all the testing procedures during reviews.

- 4. Exit Interview: Conducted with the appropriate LEA or subrecipient staff when the monitoring visits is completed. Areas of concern and best practices will be discussed in general terms.

Compliance Determination

A three-point scoring system is used to evaluate fiscal compliance. The three-point scale allows for credit when a requirement is partially met and the level of performance is determined to be acceptable. The three-point levels are:

-  **Fully Met** means all documentation listed under the regulatory provision, or component thereof, is present and the school district staff provides responses that are consistent with each other and with the documentation.
-  **Partially Met** means all documentation listed under a regulatory provision, or component thereof, is present, but the school district staff is unable to consistently articulate evidence of compliance or describe and verify existence of compliant practices during the interview(s).
-  **Not Met** means no documentation is present and school district staff have little to no knowledge of processes or issues that comply with regulatory provisions, or no documentation is present and staff have little to no knowledge of processes or issues that comply with key components of a multi-component provision, regardless of compliance determinations for remaining, non-key components of provision.
-  **Not Applicable (NA)** means section does not apply.
-  **Yes/No/NA** means the question is not a compliance issue.

Monitoring Report

A monitoring report will be prepared, as a result of the desk or on-site review and other related activities. The report will state the objectives, scope and methodology of the monitoring; will clearly state required actions, recommendations, whether corrective action is required; and indicate best practices. Required actions will contain a statement of criteria (regulation, directive, or contract clause, etc.), the condition found, the cause of the problem, and the effect or consequence that will result if corrective action is not taken. The monitoring report, with required actions, if applicable, will be prepared within 30 days of the completion of the monitoring activity and a copy of the report will be filed in the LEA's grant file. LEAs and subrecipients will have two weeks to respond to the initial monitoring report. Response to the initial report may include additional information and/or documentation that will address required actions mentioned in the report. LEAs and subrecipients with state and/or federal audit findings may have special conditions or restrictions imposed by OSPI Special Education.

Resolution

OSPI Special Education will consider all required actions resolved only after the LEA and/or subrecipient has provided sufficient evidence that the corrective action plan is fully implemented. At such point, a closeout letter will be issued to the LEA and/or subrecipient within 30 days to indicate that all required actions have been resolved and to document that conditions/restrictions are removed.

FISCAL MONITORING CYCLE AND RISK ASSESSMENT PROCEDURES

Sequential Sampling Monitoring

Sequential sampling is a non-probability sampling technique that consists with picking a single or a group of subjects in a given time interval. This sampling method will ensure that the OSPI Special Education Operations Fiscal team monitors all LEAs and subrecipients receiving IDEA Part B 611 and 619 (Preschool) funds at any given point of time in a hybrid monitoring model based on fiscal risk and a five-year cycle by Educational Service District (ESD).

The fiscal team will determine whether the LEAs selected will be subject to a desk review or on-site visit based on the completed fiscal risk assessment and monitoring cycle. One of the preliminary determination factors is the award amount allocated to the LEA in the last three recent fiscal years, as follows:

- Award amount of \$750,000 or less: less likely to be subject to an on-site visit
- Award amount of \$750,000 - \$1,500,000: somewhat likely to be subject to an on-site visit
- Award amount of \$1,500,000 or more: most likely to be subject to an on-site visit

A high-risk score on the fiscal risk assessment will automatically trigger an on-site visit in the sequential sampling monitoring schedule.

The OSPI Special Education awards IDEA Part B and Preschool funds to 295 LEAs. Therefore, this sampling method will allow the fiscal team to monitor approximately five LEAs per month.

Risk-Based Monitoring

Annual Risk Assessment

The risk-based fiscal monitoring method will be used on an on-going basis. The IDEA Part B Operations Unit fiscal staff will perform an annual risk assessment of all LEAs and subrecipients receiving IDEA Part B 611 and 619 funds. A fiscal risk assessment form (Appendix III) will be completed annually. This score sheet consists of indicators and graded rubrics, using several metrics in line with federal compliance requirements, generally accepted accounting principles, and internal control best practices.

The data used to score LEAs are based on several sources of fiscal information collected throughout the year. The maximum score a subrecipient can receive is 120 points.

Based on the annual risk assessment score, each LEA will be classified in three different risk categories, as described below:

- Low Risk: 0 – 39 points
- Medium Risk: 40 – 79 points
- High Risk: 80 – 120 points

If an LEA is identified as “High Risk” in the areas of fiscal compliance and accountability requirements, the fiscal team will notify the LEA. The notification will identify the level of non-compliance and to schedule an on-site visit. Required actions will be discussed during the on-site visit.

Newly created LEAs and Charter Schools are automatically classified as “High Risk” in their first year of operation or the first year they receive IDEA Part B funds.

Risk Categories and Cycle

Low Risk

LEAs falling into this category will be subject to the sequential monitoring schedule for a desk review **according to the monitoring cycle** as described above. Depending on the risk level posed by the non-compliance issue or issues, the LEA may be placed on schedule for training and technical assistance in the months following the annual risk assessment.

Medium Risk

LEAs falling into this category will be subject to a desk or on-site review **according to the monitoring cycle**. However, if **complaints and/or non-compliance issues are persistent**, reviews may be scheduled earlier. In addition, an LEA may be placed on schedule for training and technical assistance in the months following the annual risk assessment.

High Risk

LEAs falling into this category will be subject to an on-site review **according to the monitoring cycle**. LEAs may be placed on schedule for training and technical assistance in the months following the annual risk assessment.

Corrective Action Plan and Implementation Mechanisms

If an LEA receives a report with monitoring required actions, the areas of concern need to be addressed within 90 calendar days. Once the LEA has corrected non-compliance issues, the Special Education Director of Operations will send notification that the required actions were successfully resolved. An LEA that successfully resolves non-compliance elements could be removed from the high or medium risk categories if the corrective action(s) taken improve the LEA's risk assessment score during the annual risk assessment. However, failure to address the required actions within 90 calendar days could lead Special Education to implement mechanisms outlined in 34 CFR §300.600, such as technical assistance with a recommended corrective action plan, additional restrictions on the grant, freezing federal funding, or withholding funds in whole or in part.

Timeline

Fiscal monitoring activities will be ongoing throughout the fiscal year.

APPENDIX I

LEA and Reviewer Information	
LEA or Subrecipient	
Funding Sources	
Date of Visit	
Visit Conducted By	

Person(s) Interviewed or Contacted During the Visit

NAME	TITLE	PHONE/EMAIL

Purpose for this Fiscal Monitoring

As a requirement of the Office of Management and Budget, Uniform Grant Guidance, an on-site monitoring

visit is conducted by OSPI Special Education to ensure LEAs or subrecipients are in compliance with federal, state, and local laws and regulations.

Monitoring efforts are conducted to gauge and measure compliance of LEA grant rules and regulations in order to:

- Monitoring activities to ensure grant funds are used for authorized purposes in compliance with laws and regulations.
- Assess the organization internal controls to ensure reliable financial reporting and accountability.
- Assist and recommend areas of improvement and provide guidance to improve administrative efficiencies and programmatic effectiveness.

Section 1. Administrative Review

SECTION 1. COMPLIANCE	YES/NO
SECTION 1. COMMENTS	
SECTION 1. REQUIRED ACTIONS	
SECTION 1. BEST PRACTICES	
SECTION 1. RECOMMENDATION(S) AND/OR CORRECTIVE ACTION(S)	

Section 2. Cost Principles and Expenditures Testing

AUTHORITIES

- 2 CFR §200.302 – Financial management
- 2 CFR §200.308 – Revision of budget and program plans
- 2 CFR §200.327 – Financial reporting
- 2 CFR §200.402 – Composition of costs
- 2 CFR §200.403 – Factors affecting allowability of costs
- 2 CFR §200.405 – Allocable costs
- 2 CFR §200.510 – Financial statements
- 34 CFR §76.702 – Fiscal control and fund accounting procedures
- 34 CFR §300.162 – State level nonsupplanting
- 34 CFR §300.202 - Not supplant LEA requirement
- 34 CFR §300.208 – Permissive use of funds

SUPPORTING DOCUMENTATION NEEDED

- Revenue and expenses report and/or general ledger – to include revenue, expenditures, and remaining balance;
- Budget report – to include budgets and may also include actual expenses;
- Gross salary pay by cost center/cost objective report – to include positions, names, and amounts;
- Detailed ledger report – to include detailed expenditure transactions: type of expenses, vendors,

names, dates, and amounts;

- Budget report for previous year if the LEA is reporting carryover in the current year;
- Accounting report identifying positions paid in salaries and benefits for each federal program by school for IDEA Part B 611 and 619 funds;
- List of all staff, including FTEs and funding sources;
- On-site interview with the business manager;
- On-site interview with the special education director; and
- The budget report for IDEA federal program must align with the budget submitted during the application

Section 2. Compliance	Fully Met/Partially Met/Not Met/NA
1. Expenditures and budgets are tracked and reported separately per federal grant in the accounting system.	
2. Expenditures are for allowable and approved activities.	
3. Expenditures supplement and not supplant state and local funds.	
4. Were expenditures reported and requested through iGrants on a reimbursable basis?	
5. Are expenditures reported by proper source documentation, including, but not limited to, purchase orders (Pos), original invoices, packing slips, cancelled checks, accounting journal entries, and other pertinent records necessary to permit the tracing of grant funds?	
6. Does the cost allocation of invoices match the LEA methods of cost allocation narrative?	
7. Does the agency ensure that the payment transaction includes a PO, contractual agreement, or reference to a contractual agreement?	
8. Does the agency ensure that costs charged to grant funds were not also billed and/or reimbursed by other funding sources such as Medicaid? Methods include stamping of original invoices, invoice numbers included in the financial system, etc.	
9. Expenditures selected for testing are: <ul style="list-style-type: none"> a. Necessary, reasonable and allocable; b. Conform with federal law and grant terms; c. Consistent with state and local policies; d. Consistently treated as either direct cost or an indirect cost; e. In accordance with Generally Accepted Accounting Principles (GAAP); 	

f. Allowable in accordance to IDEA Title 34 CFR 300 and Uniform Grant Guidance 2 CFR Part 200 Subpart E	
Section 2. Comments	
Section 2. Required Action(s)	
Section 2. Best Practices	
Section 2. Recommendation(s) and/or Corrective Action(s)	

Section 3. Time and Effort

AUTHORITIES

- 2 CFR §200.302 – Financial Management
- 2 CFR §200.303 – Internal Controls
- 2 CFR §200.403 – Factors affecting allowability of costs
- 2 CFR §200.430 – Compensation – personal services
- 2 CFR §200.431 – Compensation – fringe benefits
- Office of Management Bulletin (OMB) Circular A-87, Appendix B, 8.h.3, 5 – Cost Principles for State, Local, and Indian Tribal Governments

SUPPORTING DOCUMENTATION NEEDED

- Be supported by a system of internal controls, which provides reasonable assurance that the charges are accurate, allowable, and properly allocated (i.e. signatures, periods of certification....);
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the district on an integrated basis;
- Comply with the established accounting policies and practices; and
- Support the distribution of the employee's salary or wages among specific activities of cost objectives.

Section 3. Compliance	Fully Met/Partially Met/Not Met/NA
1. Charges to federal awards for salaries and wages, including stipends, must be based on records that accurately reflect the work performed, salary distribution, and semi-annual certification.	
Section 3. Comments	
Section 3. Required Action(s)	
Section 3. Best Practices	

Section 3. Recommendation(s) and/or Corrective Action(s)

Section 4. Idea Specific Requirements

AUTHORITIES

- 2 CFR §200.303 – Internal Controls
- 34 CFR §76.702 – Fiscal control and fund accounting procedures
- 34 CFR §300.129 – State responsibility regarding children in private schools
- 34 CFR §300.133 - Expenditures
- 34 CFR §300.202 – Use of amounts
- 34 CFR §300.203 – Maintenance of effort
- 34 CFR §300.209 – Treatment of charter schools and their students
- 34 CFR §300.226 – Early intervening services
- 34 CFR §300.705 – Subgrants to LEAs

SUPPORTING DOCUMENTATION NEEDED

- Accounting records identifying distributions or payments for:
- Parentally private school children
- Coordinated Early Intervening Services (CEIS)/Comprehensive Coordinated Early Intervening Services (CCEIS)
- Charter Schools

Section 4. Compliance	Fully Met/Partially Met/Not Met/NA
1. The LEA ensures that it accurately tracks and reports expenditures for maintenance of effort and excess costs.	
2. The LEA ensures that it accurately tracks and reports expenditures for services to parentally private schoolchildren.	
3. The LEA ensures that it accurately tracks and reports expenditures for CEIS and CCEIS for allowability of costs and adequacy of internal controls.	
4. The LEA ensures that it accurately tracks and reports expenditures services to students with disabilities in charter schools for allowability of costs and adequacy of internal controls.	
Section 4. Comments	
Section 4. Required Action(s)	
Section 4. Best Practices	

Section 4. Recommendation(s) and/or Corrective Action(s)

Inventory Management

AUTHORITIES

- 2 CFR §200.33 – Equipment
- 2 CFR §200.94 - Supplies
- 2 CFR §200.302(b) – Financial management
- 2 CFR §200.313 – Equipment
- 2 CFR §200.403(c) – Factors affecting allowability of costs
- 34 CFR §76.661 – Equipment and supplies
- 34 CFR §300.144 – Property, equipment, and supplies

SUPPORTING DOCUMENTATION NEEDED

- The LEA has inventory procedures that include the following:
 - Process performed when inventory is received
 - Process describing what type of property is tagged and what position/office performs the tagging
 - Process to adjust the inventory records in the event the property is sold, lost, stolen, or cannot be repaired
 - Process describing how the physical inventory is performed
- For each equipment and computing device purchased with IDEA Part B funds, the following information is maintained:
 - Serial number or other identification number
 - Source of funding for the property
 - Who hold title
 - Acquisition date and cost of the property
 - Percentage of federal participation in project costs for the federal award under which the property was acquired
 - Location, use, and condition of the property
 - Any ultimate disposition data including the date of disposal and sale price of the property
- Proof of physical inventory of the property taken and the results reconciled with the property records at least once every two years

Section 5. Compliance	Fully Met/Partially Met/Not Met/NA
1. Does the LEA have an inventory management system in place for tracking property acquired with IDEA Part B funds.	
2. Did the LEA receive prior approval from OSPI Special Education for purchases over \$5,000?	
3. Does the LEA ensure the purchased equipment is being used for grant specific purposes?	
4. Does the LEA maintain an inventory of equipment on the description, condition, serial number, deployed location, custodian, acquisition	

date, acquisition cost, and disposition of equipment?	
5. Does the LEA have a method for the disposition of equipment?	
6. Has a physical inventory of equipment been taken within the last two years?	
7. Does the LEA ensure preventative measures for the adequate safeguarding of equipment in order to deter equipment from being lost, stolen, or destroyed?	
Section 5. Comments	
Section 5. Required Action(s)	
Section 5. Best Practices	
Section 5. Recommendation(s) and/or Corrective Action(s)	

Section 6. Contract and Procurement Review

AUTHORITIES

- 2 CFR §200.67 – Micro-purchase
- 2 CFR §200.88 – Simplified acquisition threshold
- 2 CFR §200.112 – Conflict of interest
- 2 CFR §200.113 – Mandatory disclosures
- 2 CFR §200.320 – Methods of procurement to be followed
- 2 CFR §200.323 – Contract cost and price
- 2 CFR §300.318 – General procurement standards
- 2 CFR §300.319 – Competition

SUPPORTING DOCUMENTATION NEEDED

- The LEA has written procurement policies and procedures that include the following:
- Threshold amounts
- Conflicts of interest policy
- Bidding process
- Contract agreements, approval and prior approval process, invoice payment(s) under the contract established

Section 6. Compliance	Fully Met/Partially Met/Not Met/NA
1. Does the LEA have policies and procedures to ensure that its procurement mechanisms conform to the Uniform Grant Guidance?	
2. Does the LEA procurement policies and procedures establish procurement method	

thresholds? Are these thresholds in compliance with federal requirements?	
3. Does the LEA have a conflict of interest policy in place?	
4. Does the LEA have a debarment and suspension policy in place?	
5. Does the LEA ensure that local preferences are not used when entering into a procurement transaction or contractual agreement?	
Section 6. Comments	
Section 6. Required Action(s)	
Section 6. Best Practices	
Section 6. Recommendation(s) and/or Corrective Action(s)	

Section 7. Fiscal Record Retention

AUTHORITIES

- 2 CFR §200.301 – Performance measurement
- 2 CFR §200.302 – Financial management
- 2 CFR 200.305 – Payment
- 2 CFR §200.313 – Equipment
- 2 CFR §200.318 – General procurement standards
- 2 CFR §200.333 – Retention requirements for records
- 2 CFR §200.335 – Methods for collection, transmission and storage of information
- 34 CFR §76.709 – Funds may be obligated during a “carryover period.”
- 34 CFR §76.710 – Obligations made during a carryover period are subject to current statutes, regulations, and applications
- 34 CFR §76.731 – Records related to compliance
- 34 CFR §81.31 – Measure of recovery

SUPPORTING DOCUMENTATION NEEDED

- The LEA has the grant award notification (GAN) on file or know where to access it
- The LEA has internal controls in place that identify in writing:
 - Who tracks expenditures
 - Who submits claims
 - Who deposits checks
- The LEA has an internal accounting system process that identifies obligations and unobligated balances (carryovers) and how these are tracked (e.g., Excel or carryover calculator)
- The LEA has a written process for identifying any interest earned. For example, if the LEA accidentally requested from OSPI more than what was expended, then excess funds will be in the LEA’s account, possibly earning interest. If this is the case, this must be reported to OSPI.

IMPORTANT: An LEA must not earn interest on federal funds. Excess funds must be returned to OSPI.

- The LEA keeps records that show:
 - The amount of funds under the grant or subgrant
 - How the subgrantee uses funds
 - The total cost of programs/projects
 - The share of the total cost of each program/project provided from other sources
 - Other records to facilitate an effective monitoring
 - Other records to show compliance with federal program requirements
 - Evidence that records are maintained for a minimum of six years
- Evidence that the LEA has a written policy and procedure for maintaining and storing original records, both paper and electronic. Procedure includes reasonable safeguards for ensuring that the records are not altered.

Section 7. Compliance	Fully Met/Partially Met/Not Met/NA
1. IDEA Part B original source documents are kept: <ul style="list-style-type: none"> a. Federal awards CFDA, federal award ID number b. Authorization (the process of giving someone permission to do or have something) c. Obligations, unobligated balances (carryovers) d. Expenditures e. Assets (inventory control) f. Time and effort documentation g. Income (if applicable) h. Interest (if applicable) 	
2. The LEA maintains all records that show: <ul style="list-style-type: none"> a. The amount of funds under the grant or subgrant b. How the subgrantee uses funds c. The total cost of each program/project d. The share of the total cost of each program/project provided from other sources e. Other records to facilitate an effective monitoring f. Other records to show compliance with federal program requirements g. Program/project experiences and results 	
3. The LEA maintains original records. If records are electronic, there is no need to create and retain paper copies. Both types of records may be subject to periodic quality control reviews.	

<p>Definition: The original record is the record that remains in the same content, context, and structure that it was created the day it was used, based on the LEA's policy. If an LEA's policy is to obtain actual signatures on all POs, then all documents with original signatures must be filed and stored. If the policy allows, electronic POs with digital signatures, then all electronic POs must be saved on a shared drive.</p>	
Section 7. Comments	
Section 7. Required Action(s)	
Section 7. Best Practices	
Section 7. Recommendation(s) and/or Corrective Action(s)	

Section 8. Financial System Review

AUTHORITIES

- 2 CFR §200.302 – Financial management
- 2 CFR §200.305 – Payment
- 2 CFR §200.327 – Financial reporting
- 2 CFR §200.328 – Monitoring and reporting program performance

SUPPORTING DOCUMENTATION NEEDED

- Copy of the fiscal policies and procedures manual
- Cost center/objective or cost allocation plan
- Budget vs. expense report spreadsheets or accounting system output
- Chart of accounts
- Indirect cost rate agreement letter
- Bank reconciliation report
- Accrual reports
- Salary distribution in accounting system

Section 8. Compliance	Fully Met/Partially Met/Not Met/NA
1. Does the LEA maintain a financial management system that accurately identifies the source and amount of funds awarded to them?	
2. Does the LEA have a method to compare actual costs to budgeted costs to ensure that programs are operating within their budgets?	
3. Does the LEA's accounting system ensure that grant funds are not commingled with other funds or other grant funds?	

4. Does the LEA have a copy of their current, approved IDEA Part B budget?	
5. Are budget modifications requested and approved prior to expenditures?	
6. Is the indirect cost rate used approved by Policy and Funding?	
7. Does the agency perform monthly bank reconciliations?	
8. Is the agency on a cash or accrual basis?	
9. If the agency is on a cash basis, are year-end accruals supported by the general ledger?	
10. Does the agency ensure separation of duties for all accounting transactions? List the names and titles of the initiator(s) and approver(s).	
Section 8. Comments	
Section 8. Required Action(s)	
Section 8. Best Practices	
Section 8. Recommendation(s) and/or Corrective Action(s)	

Section 9. Financial Audits

AUTHORITIES

- 2 CFR §200.5 – Audit finding
- 2 CFR §200.425 – Audit services
- 2 CFR §200.501 – Audit requirements
- 2 CFR §200.503 – Relation to other audit requirements
- 2 CFR §200.508 – Auditee responsibilities
- 2 CFR §200.511 – Audit findings follow-up
- 2 CFR §200.512 – Report submission
- 2 CFR §200.516 – Audit findings
- 2 CFR §200.517 – Audit documentation

SUPPORTING DOCUMENTATION NEEDED

- Copy of "Schedule of Findings and Questioned Costs" section from district audit for last two years (Reviewer: Pay particular attention to Federal Award Program Audit)
- Evidence that Federal Award Program Audit findings have been addressed.

Section 9. Compliance	Fully Met/Partially Met/Not Met/NA
1. Did the LEA's previous fiscal monitoring result in findings?	
2. If yes, were corrective actions	

implemented after monitoring required actions were issued?	
3. Did implementation of corrective actions resolve all monitoring findings?	
4. Did the LEA's most recent financial audit result in findings?	
5. If yes, were corrective actions implemented after the financial audit findings were issued?	
6. Did implementation of corrective actions resolve all financial audit findings?	
Section 9. Comments	
Section 9. Required Action(s)	
Section 9. Best Practices	
Section 9. Recommendation(s) and/or Corrective Action(s)	

Section 10. Written Fiscal Policies and Procedures

AUTHORITIES

- 2 CFR §200.61 – Internal controls
- 2 CFR §200.62 – Internal control over compliance requirements for Federal awards
- 2 CFR §200.302 – Financial management
- 2 CFR §200.318 – General procurement standards
- 2 CFR §200.333 – Retention requirements for records
- 2 CFR §200.400 – Policy guide
- 2 CFR §200.403 – Factors affecting allowability of costs

SUPPORTING DOCUMENTATION NEEDED

- Evidence that the LEA has a manual that sets forth standard operating procedures and board approved policies and procedures used by the LEA to administer federal funds

Section 10. Compliance	Fully Met/Partially Met/Not Met/NA
1. Does the LEA have written policies and procedures in compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) and Office of Special Education and Rehabilitative Services, Department of Education Guidance (34 CFR 300)? <ul style="list-style-type: none"> a. Cost Principles b. Procurement c. Time and effort 	

<ul style="list-style-type: none"> d. Inventory management e. Cash management f. Conflict of interest g. Fiscal records retention h. Separation of duties 	
Section 10. Comments	
Section 10. Required Action(s)	
Section 10. Best Practices	
Section 10. Recommendation(s) and/or Corrective Action(s)	

Section 11. Other

Section 11. Compliance	Fully Met/Partially Met/Not Met/NA
1. Are there any challenges the agency is experience?	
2. Does the LEA have any suggestions for the improvement on the grant administration process?	
Section 11. Comments	
Section 10. Best Practices	

APPENDIX II-LETTER

[Insert Date]

[Insert Superintendent's Name], Superintendent

[Insert District Name and Number]

[Address]

Dear Superintendent [Insert Superintendent's Name],

Thank you for assisting the Office of Superintendent of Public Instruction (OSPI) in the fiscal monitoring process for [Insert District Name and Number]. The following programs were monitored: Part B IDEA and Safety Net.

Following this letter is the initial monitoring report, which reflects information gathered from a review of program documentation and staff interviews. Recommendations and required actions are included in the report.

Technical assistance, such as contact information for a resource or a link to a sample, is offered where there are required actions. Although the district is not required to formally respond to the recommendations, it is important to consider them.

Please respond, in writing, the required actions and send the district's response to the Special Education Operations Unit within two weeks from the issuance of this report. For the LEA response, identify each required action and include specific documentation to satisfy the required action OR submit a Corrective Action Plan that includes: 1) reference to required action; 2) a specific measurable objective for satisfying the required action; 3) timelines; and 4) clear lines of responsibility. Please do not hesitate to contact our office with questions as the district's response is prepared.

If the LEA has comments about the monitoring process, the LEA is encouraged to contact Tina Pablo-Long at tina.pablo-long@k12.wa.us or Cyndie Hargrave at cynthia.hargrave@k12.wa.us. The LEA may also call 360-725- 6075.

Thank you for the cooperation and assistance your district provided the reviewer(s) during the fiscal monitoring. It is in this spirit of support that OSPI Special Education submits this initial report. It is our sincere desire that through cooperative assessment of IDEA Part B 611 and 619 and Safety Net programs, the quality of services provided to children with disabilities are strengthened.

Sincerely,

xxx

xxx

Special Education

APPENDIX III-RISK ASSESSMENT (DRAFT-UNDERGOING REVISIONS)

LEA/SUBRECIPIENT FISCAL RISK ASSESSMENT FORM

Name of LEA:

Date:

Total Score:

Completed By:

COMPLIANCE REQUIREMENTS

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort,	Period of Performance	Procurement, Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and
Y	Y	N	N	Y	Y	N	Y	N	Y	N	Y

Indicator	0 Points	1 Point	2 Points	3 Points	SCORE
Turnover in Program Personnel		No turnover in Superintendent and/or Special Education Director within the last two years	Turnover in Superintendent and/or Special Education Director positions between one and two years	Turnover in Superintendent and/or Special Education Director within the last year	
Turnover in Fiscal Personnel		No turnover in Special Education fiscal position within the last two years	Turnover in Special Education fiscal position between one and two years	Turnover in Special Education fiscal position within last year	
Indicator	0 Points	2 Points	4 Points	6 Points	SCORE
Funded Age K-21 Special Education Enrollment		Enrollment is less than 7.9%and 0%	Enrollment is between 13.5%and 8.0%	Enrollment is more than 13.5%	
Applied for 611 and 619 funds	Did not apply for 611and 619 funds	Applied for only 619 funds	Applied for only 611 funds	Applied for both 611 and 619 funds	
Amount of awards from recent fiscal years		Combined award less than \$750,000	Combined award between \$750,000 and \$1,500,000	Combined award greater than \$1,500,000	

Indicator	0 Points	2 Points	4 Points	6 Points	SCORE
Reverting funds and/or carryover in the most recent fiscal year for both 611 and 619	No funds reverted and/or carryover of 10% or less	No funds reverted and/or carryover from 10% to 35%	No funds reverted and/or carryover from 35% to 75%	Funds reverted and/or carryover greater than 75%	
Maintenance of Effort Data	Passed MOE for the past three years for which data is available	Passed MOE for two of the last three years for which data is available	Failed MOE for two of the past three years for which data is available	Failed MOE for the past three years for which data is available.	
Met Excess Costs	Met Excess Costs for the past three years for which data is available	Met Excess Costs for two of the last three years for which data is available	Failed Excess Costs for two of the past three years for which data is available	Failed Excess Costs for the past three years for which data is available	
Excess Costs Submittals	Four or more years of late Excess Costs submittals	Three to four years of late Excess Costs submittals	One to two years of late Excess Costs submittals	No late Excess Costs submittals within the last year	
Identified as Significant Disproportionate and budgeted for CCEIS	Was not identified as Significantly Disproportionate	Voluntarily budgeted for CEIS	Identified as Significantly Disproportionate and budgeted for its OSPI Special Education approved CCEIS plan in the past year	Identified as Significantly Disproportionate and budgeted for its OSPI Special Education approved CCEIS plan in the past two years	
Budgeted Proportionate Share Costs	Did not have students enrolled in private school	Reported enrollment in private school and budgeted for proportionate share costs	Reported enrollment in private school, budgeted proportionate share costs, but did not use funds	Reported enrollment in private school, but did not budget proportionate share costs	
Requested Approval for Participant Costs	Did not request participant cost reimbursement	Requested between \$1 and \$2,400 in participant costs reimbursement	Requested between \$2,500 and \$5,000 in participant costs reimbursement and/or did not request prior approval	Requested more than \$5,000 in participant costs reimbursement and/or did not request prior approval	
Date of Last Fiscal Monitoring		Last fiscal monitoring visit within the last year	Last fiscal monitoring visit was between one and two years	Last fiscal monitoring visit was two or more years	
Audits – Corrective Actions from most recent Completed Audit	Audit with no current findings within the last two recent completed audits	Audit with one finding within the last two recent completed audits	Audit with two or more resolved findings and/or one unresolved finding from the last two audits	Audit with two or more unresolved findings from the last two recent completed audits	

Indicator	0 Points	2 Points	4 Points	6 Points	SCORE
Data Reporting Integrity – Application to Claims Process	Online application and expenditures match for both 611 and 619 grants	Online application and expenditures match only 611	Online application and expenditures match only 619	Online application and expenditures did not match 611 and 619	
Financial Management System	Consistent and accurate financial management system in place for more than two years	New or substantially changed financial management systems within last two years	Substantially changed financial management system within last year	New financial management system within last year	
Written Policies and Procedures in Compliance with Uniform Grant Guidance and Part B IDEA Requirements (cost principles, procurement, time and effort, inventory management, cash management, record keeping, etc.)	LEA implemented written policies and procedures for more than two years	LEA implemented written policies and procedures within last two years	LEA implemented written policies and procedure within last year	LEA has no written policies and procedures	
Safety Net Awards	No Safety Net Award	Award less than \$600,000	Award between \$600,000 and \$5,500,000	Award greater than \$5,500,000	
Safety Net High Costs Students	0% High Cost	74% to 1% High Cost	75% to 99% High Cost	100% High Cost	
Safety Net Community Impact Funds	No Community Impact	Community Impact Award less than \$485,000	Community Impact Award between \$485,000 and \$750,000	Community Impact Award greater than \$750,000	
Safety Net Exception Percentage	0% Exception	74% to 1% Exception	75% to 99% Exception	100% Exception	
TOTAL SCORE					

Based on the annual risk assessment score, each entity will be classified in three different risk categories, as described below:

LOW RISK: 0 – 39 POINTS

MEDIUM RISK: 40 -79 POINTS

HIGH RISK: 80 – 120 POINTS

New Charter Schools are automatically classified as high risk in their first year of operations or the first year they receive IDEA Part B funds and/or Safety Net.