Washington Office of Superintendent of PUBLIC INSTRUCTION

IDEA Part B Section 611 & 619 (Preschool) Federal Grants

FISCAL MONITORING PROCEDURES MANUAL FOR LOCAL EDUCATION AGENCIES (LEAs)

2023

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Washington Office of Superintendent of
PUBLIC INSTRUCTION

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Overview

The Office of Superintendent of Public Instruction (OSPI) is the prime recipient of the Individuals of Disabilities Education Act (IDEA) grant awards under the Special Education – IDEA, Part B section 611 (for students with disabilities ages 3 to 21) and section 619 (for students with disabilities ages 3 to 5.) The OSPI Special Education Operations 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) as subrecipients.

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

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

- 31 U.S.C Chapter 75 – Requirements for Single Audits
- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
    - 2 CFR Part 200 Subpart F – Audit Requirements
    - 2 CFR §200.332 – Requirements for pass-through entities
- 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
- 34 CFR Part 75, 76, 77 – Education Department General Administrative Regulations (EDGAR)

PROCEDURES AND METHODOLOGY

Technical Assistance

OSPI Special Education Operations team provides technical assistance to ensure that all subrecipients of IDEA awards are compliant with applicable federal and state statutes and regulations. Technical assistance is provided as an integral part of the procedures outlined below based on the result of noncompliance or can be provided in specific areas of need, or because of a finding of noncompliance, or at the request of the subrecipient.

Universal Monitoring

The OSPI Special Education Operations team reviews information throughout the school year using established universal monitoring tools and processes to fulfill its LEA oversight responsibilities. These universal monitoring tools and processes consist of but are not limited to:

1. Maintenance of Effort (MOE) (click on the link and scroll down to Tools & Templates, Maintenance of Effort).
2. Excess Cost (click on the link and scroll down to Tools & Templates, Excess Cost).
3. Review of Spending Plans and Budgets (iGrants page 2 and budget matrix).
4. Review of budget revision requests (number of budget revisions within the school year).
5. Comprehensive Coordinated Early Intervention Services (CCEIS) (identified LEAs are provided technical assistance (TA) during scheduled quarterly meetings throughout the school year).
6. Private School Participation (LEAs upload detailed expenditure reports in September. Reports are reviewed by OSPI Operations staff).

Desk Reviews/Onsite Reviews Checklist

Desks reviews and onsite visits consist of, but are not limited to the review of:

1. Grant Claims and Expenditures
   - Review the LEA's process for ensuring grant claims are prepared timely, reconciled to the accounting records, and related costs were incurred during the period of performance.
     - Review LEA's expenditure summary reports and compare to OSPI's grant claims reports and grant budget matrix.
     - Review grant spending plans.
   - May request additional documentation for selected transactions.
     - Additional documentation, such as contracts, invoices, purchase orders may be requested.
2. Account Payable Charges
   - Review LEA's process for ensuring federal expenditures are allowable, complies with procurement requirements, and ensures vendors and subrecipients are not suspended or debarred.
   - Review LEA's procurement policy and procedures.
     - Review LEA's internal process and procurement procedures.
   - Additional evidence may be requested for review, such as expanding on the LEA's internal process, documentation of suspended or debarred compliance.
3. Time & Effort – Payroll Charges
   - Review payroll distribution report and request supporting documentation for selected employee transactions for review.

- Additional documentation may be requested for review, such as expanding on the LEA's internal process for time & effort, time & effort employee certifications, approved OSPI time and effort substitute system.

4. Inventory Management
   o Review LEA's process for describing what type of property is tagged and what staff is responsible.
     - Additional information may be requested, such as expanding on the LEA's internal process.
   o What is the LEA's process to adjust the inventory records in the event the property is sold, lost, stolen, or cannot be repaired.
     - Request documentation of adjustments.
   o Review a sample tracking sheet for each equipment and computing device purchased with IDEA Part B funds.
     - Request a global sample tracking sheet.

5. Financial Audits
   o Review evidence that Federal Award Program Audit findings have been addressed for the last two (2) years.
     - Review State Auditor Office (SAO) website to verify audit findings. Request documentation audit findings have been addressed.

6. Written Fiscal Policies and Procedures
   o Review evidence that the LEA has a manual that sets forth standard operating procedures and board approved policies and procedures used to administer federal funds.
   o Policy and procedures review to include inventory management, conflict of interest, fiscal records retention, separation of duties.
     - Request additional policy and procedures as needed.

7. Comprehensive Coordinated Early Intervention Services (CCEIS)
   o The CCEIS team meets quarterly with significantly disproportionate LEAs to review implementation of services and discuss any barriers. The CCEIS team provides technical assistance during the quarterly meetings and responds to questions from the LEAs. Expenditure reports are required and reviewed for compliance at the end of the year. Additional technical assistance provided as needed.

8. Private School Proportionate Share
   o Expenditure reports are required and submitted at the end of the year. Allowable expenditures and carryover are reviewed and verified. Technical assistance provided as needed.

Monitoring Report

The final report identifies *Actions Required*, which will include one or more actions, specific timelines for completion (i.e.; 45–60–90 days) *and/or* **Actions Recommended**, which will not have any timelines associated with them because implementation is optional, and/or include technical assistance notes, as may be appropriate.

The LEA has thirty (30) calendar days from the date of this report to request reconsideration of any of the required actions identified. After the reconsideration window has closed, the results of the monitoring review will be considered final.

Compliance Determination

- **Compliant** means LEA documentation listed under the regulatory provision, or component thereof, are compliant or LEA has submitted evidence of implementation of corrective actions.

- **Action Plan Approved** means the LEA has submitted the required Corrective Action Plan (COP) and it has been approved and the LEA moves forward with implementing corrective actions.

- **N/A** means not applicable.

- **Noncompliant** means documentation provided by the LEA has not met requirements.

- **Evidence Needed** means documentation is missing. A request to upload the missing documentation or additional documentation will be issued through the monitoring platform.

WASHINGTON INTEGRATED SYSTEM OF MONITORING (WISM) FISCAL MONITORING SELECTION AND RISK ASSESSMENT PROCEDURES

Sequential Sampling for the Review of Allowable Use of Funds

Sequential sampling is a technique that consists of rotating LEAs on a 5-year cycle to ensure review of allowable expenditures through a desk review. Sequential sampling is initiated through monitoring platform as a limited desk review.

- The minimum review consists of reviewing expenditures of allowable costs from the previous year.
- Supporting documentation may be requested as needed.

Annual Fiscal Risk Assessment

The fiscal risk assessment will be used annually. LEAs have access to the fiscal risk assessment located in the IDEA Part B Grant and located on OSPI's website. Each Spring the OSPI Special Education Operations team updates the annual risk assessment for all LEAs receiving IDEA Part B 611 and 619 funds. The scoring 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.

Based on the annual risk assessment score, the following criteria are used to determine which LEAs to monitor:

- Primary selection is based on the top 5% scores determined by the risk matrix.
- Secondary selection factors include LEA size grouping and number of years since last desk review/onsite visit.
- LEA complaints or concerns.
- Newly created LEAs and Charter Schools are automatically monitored in their first year of operation or the first year they receive IDEA Part B funds.

Annual Cohort Selection

The Operations Unit collaborates with the Program Improvement team to determine LEAs selected for additional monitoring activities and may be subject to a desk review or onsite review based on the completed fiscal risk assessment results. 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 onsite visit.
- Award amount of $750,000–$1,500,000: somewhat likely to be subject to an onsite visit.
- Award amount of $1,500,000 or more: most likely to be subject to an onsite visit.

Annual fiscal reviews consist of the following:

- Allowable costs.
- Procurement and contract review.
- Inventory management.
- Time & Effort.
- Fiscal management (review of controls related to how LEAs spend their funds, coding properly, budget vs. expenditures.
- CEIS/CCEIS plans implementation with review of actual expenditures.
- Private school proportional share detailed expenditures.
- Single Audit Finding Follow-up.
- Written policy and procedures.
- Additional documentation may be requested.

Corrective Action Plan

Corrective actions are required when documentation provided by LEAs do not fully meet compliance. The areas of concern must be addressed within thirty (30) calendar days. When the LEA submits evidence of the resolution of a finding of noncompliance, OSPI will send notification that the required activities were successfully resolved. Failure to address the required actions within 45 calendar days could lead OSPI to implement mechanisms outlined in 34 CFR §300.600 (e) and 2 CFR §200.339. Any corrective actions for noncompliance **must** be promptly removed by OSPI once the condition that prompted the remedies have been satisfied. In exercising its monitoring responsibilities, OSPI must ensure that when it identifies noncompliance with LEAs, the noncompliance is corrected as soon as possible, and in no case later than one year after OSPI identifies the noncompliance. Remedies implemented by OSPI for noncompliance include but are not limited to:

- Temporarily withhold cash payments pending correction of the deficiency.
- Disallow all or part of the cost of the activity or action not in compliance.
- Wholly or partly suspend or terminate the Federal award.
- Initiate suspension or debarment proceedings as authorized under 2 CFR part 180.
- Withhold further Federal awards for the project or program.
- Technical assistance with a recommended corrective action plan.
- Additional restrictions on the grant.
- Corrective Action plan or Improvement plan.
- Take other remedies that may be legally available.

Timeline for Monitoring Activities

- April–May - Risk Matrix is Completed.
- May–August - Summer Planning Sessions.
- End of June - LEA Selection.
- Mid-August - LEA Notification.
- Mid-October through Mid-April - Active Monitoring.
- Issue final Reports 60 calendar days after the date of each LEA's review.

WISM Fiscal Risk Matrix and Scoring Rubric

Washington Integrated System of Monitoring (WISM) Fiscal Risk Matrix — LEA Score Lookup

CCDDD: ⬛ **Name of LEA:** _____ _____

To populate the table below, please enter the district's county-district number (CCDDD) in cell B3, as found on the "CCDDD List" tab.

Total Risk Score (out of 76 points)

Priority Area	District Results by Year			LEA Score
	2019-20	2020-21	2021-22	
1. Turnover in Program Personnel				
2. Turnover in Fiscal Personnel				
3. Funded Age K-21 Special Education Enrollment				
4. Amount of IDEA Part B Sections 611 and 619 Award				
5. Maintenance of Effort Data			▓	
6. Excess Cost Data			▓	
7. Excess Cost Submittals			▓	
8. CCEIS Required				
9. Proportionate Share				
10. Proportionate Share Expenditure Detail Report				
11. Requested Participant Support Cost				
12. Capital Outlay/Equipment over $5,000				
13. Number of Years Since Last Fiscal Monitoring Review				
14. Audits - Corrective Actions from Most Recent Completed Audit		▓	▓	
15. Safety Net High-Cost Application Awards			▓	
16. Safety Net Percent of High Cost Students			▓	
17. Safety Net Community Impact Awards			▓	

Years Since Last Systems Analysis Desk Review or Onsite Visit: _____ **LEA Size:** _____

Priority Area	Possible Scores	School Year(s)	Maximum Points Possible
1. Turnover in Program Personnel	• **0 points** = The LEA had **0** new Special Education Director during the last 3 school years. • **1 point** = The LEA had **1** new Special Education Director during the last 3 school years. • **2 points** = The LEA had **2** new Special Education Directors in the last 3 school years. • **3 point** = The LEA had **3** new Special Education Directors in the last 3 school years.	2019–20; 2020–21; 2021–22	3

2. Turnover in Fiscal Personnel	• **0 points** = The LEA had **0** new Business Managers during the last 3 school years. • **1 point** = The LEA had **1** new Business Manager during the last 3 school years. • **2 points** = The LEA had **2** new Business Managers in the last 3 school years. • **3 point** = The LEA had **3** new Business Managers in the last 3 school years.	2019–20; 2020–21; 2021–22	3
3. Funded Age K–21 Special Education Enrollment	• **0 points** = Enrollment is within the range of 8% to 13%. • **1 point** = Enrollment is within the range of 5% to 7.99% OR 13.01% to 16%. • **2 points** = Enrollment is less than 5% OR Enrollment is greater than 16%.	2019–20; 2020–21; 2021–22	6
4. Amount of IDEA Part B Sections 611 and 619 Award	• **0 points** = Did not apply for 611 & 619 Funds. • **1 point** = Combined award less than $750,000. • **2 points** = Combined award greater than or equal to $750,00 and less than $1,500,000. • **3 points** = Combined award greater than or equal to $1,500,000.	2019–20; 2020–21; 2021–22	9
5. Maintenance of Effort Data	• **0 points** = Met. • **1 point** = Not Met.	2019–20; 2020–21	2
6. Excess Cost Data	• 0 points = Met. • 1 point = Not Met.	2019–20; 2020–21	2
7. Excess Cost Submittals	• **0 points** = On-time. • **1 point** = Not On-time.	2019–20; 2020–21	2
8. CCEIS Required	• **0 points** = Not required to set-aside 15%. • **1 point** = Required to set-aside 15% for 1 year. • **2 points** = Required to set-aside 15% for 2 years. • **3 points** = Required to set-aside 15% for 3 years.	2019–20; 2020–21; 2021–22	3
9. Proportionate Share	• **0 points** = No proportionate share required. • **1 point** = Proportionate Share required for 3 years. • **2 points** = Proportionate Share required for 2 years. • **3 points** = Proportionate Share required for 1 year.	2019–20; 2020–21; 2021–22	3
10. Proportionate Share Expenditure Detail Report	• **0 points** = Expenditure Detail Report submitted on time. • **1 point** = Expenditure Detail Report submitted late. • **2 points** = Expenditure Detail Report not submitted.	2019–20; 2020–21; 2021–22	6

11. Requested Participant Support Cost	• **0 points** = Did not request.
	• **1 point** = Requested greater than or equal to $1 and less than or equal
	        to $2,500.
	• **2 points** = Requested greater than or equal to $2,501 and greater than
	        or equal to $5,000.
	• **3 points** = Request greater than $5,000.
		2019–20; 2020–21; 2021–22	9

12. Capital Outlay/Equipment over $5,000	• **0 points** = Did not request capital outlay. • **1 point** = Requested capital outlay for 1 school year. • **2 points** = Requested capital outlay for 2 school years. • **3 points** = Request capital outlay for 3 school years.	2019–20; 2020–21; 2021–22	3
13. Number of Years Since Last Fiscal Monitoring Review	• **0 points** = Fiscal monitoring review within the last 3 school years. • **1 point** = No fiscal monitoring reviews within the last 3 school years.	2019–20; 2020–21; 2021–22	3

14. Audits - Corrective Actions from Most Recent Completed Audit	• **0 points** = Audit with no current findings within the last two (2)
	        financial audits.
	• **1 point** = Audit with one (1) finding within the last two (2) financial
	        audits.
	• **2 points** = Audit with two (2) or more resolved fundings during the last
	        two (2) financial audits.
	• **3 points** = Audit with two (2) or more unresolved findings from the last
	        two (2) financial audits.
	• **4 points** = Audits involved with fraudulent behavior within the last two
	        (2) financial audits.
		2019–20; 2020–21	4

15. Safety Net High-Cost Application Awards	• **0 points** = No Safety Net Award. • **1 point** = Award less than or equal to $600,000. • **2 points** = Award greater than 600,000 and less than or equal to $5,500,000. • **3 points** = Award greater than $5,500,000.	2019–20; 2020–21	6
16. Safety Net Percent of High Cost Students	• **0 points** = 0% high cost. • **1 point** = 0.001% to 2.949%. • **2 points** = 2.95% to 8.819%. • **3 points** = Greater than or equal to 8.82%.	2019–20; 2020–21	6
17. Safety Net Community Impact Awards	• **0 points** = No Community Impact. • **1 point** = Community Impact Award less than $485.000. • **2 points** = Community Impact Award greater than or equal to $485,000 and less than or equal to $750.000. • **3 points** = Community Impact Award greater than $750,000.	2019–20; 2020–21	6

LEGAL NOTICE

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All students prepared for post-secondary pathways, careers, and civic engagement.