





## Overview

Annually the U.S. Department of Education awards grants under IDEA to eligible States, the District of Columbia, and other affiliated areas. Award amounts are determined established by Congress and its regulations are applied via enforcement from the ODE. IDEA Part B formula grants assist states in providing a free appropriate public education (FAPE) in the least restrictive environment (LRE) for children with disabilities ages 3 through 21. The IDEA Part C formula grant program supports early intervention services for infants and toddlers' birth through age two and their families. This manual will focus on IDEA Part B at this time. In Oregon, Part C expenditures exist in contracts and subgrants, and monitoring occurs within those parameters.

## 1: Purpose and Authority

The ODE, State Education Agency (SEAs), are responsible for overseeing the operations of IDEA-supported programs under IDEA Part B and the Uniform Guidance. Each SEA must monitor its own activities, and those of its local educational agencies (LEAs), to ensure compliance with applicable federal requirements and performance expectations are achieved. Monitoring by the SEA must cover each program, function, or activity (See 2 CFR §200.329(a)). The provisions of the Uniform Guidance on subrecipient monitoring include a specific requirement that pass-through entities (SEAs) conduct risk assessments of their subrecipients, place a greater emphasis on monitoring performance and compliance, and include technical assistance as one example of the range of potential monitoring activities.

Annually, Oregon Department of Education (ODE), receives Individuals of Disabilities Education Act (IDEA) Part B Federal funds from the United States Department of Education (U.S. ED) to provide special education and related services to children with disabilities within the state. The majority of these funds must be distributed by ODE to the state's LEAs. As the pass-through agency, ODE is responsible for monitoring the activities of its subrecipients to ensure that IDEA Part B program is effectively implemented and funds are used for authorized purposes in accordance with federal statutes, regulations, and the terms and conditions of the subaward ([34 CFR § 300.600](#) and [2 CFR § 200.332](#)). This document sets forth the Policies and Procedures and identifies each component of the Oregon Department of Education (ODE) Plan for fiscal monitoring for all sub-recipients of IDEA Part B 611 and 619 funds and Part C.

## 2: State Educational Agency Fiscal Monitoring Systems

The ODE IDEA Fiscal Team uses a fiscal monitoring system for IDEA Part B that functions independently of other federal programs at ODE. Currently, the special education fiscal monitoring system evaluates each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of their subawards using both general Federal grant fiscal indicators as well as IDEA-specific fiscal indicators. The level of support and oversight is determined by qualitative and quantitative factors including the risk assessment found in the Annual LEA IDEA Part B Application.

The ODE special education fiscal team utilizes a risk-based fiscal compliance and accountability system to ensure that LEA procedures and practices are compliant, as well as the federal education statutory and discretionary funding are used appropriately and in accordance with federal regulations. A risk-based compliance and accountability system identifies potential areas of non-compliance by evaluating

policies and procedures to prevent and mitigate errors that can negatively impact the education of children with disabilities. The system includes three differentiated levels which are defined in Section 4 of this manual:

1. [Universal monitoring](#)
2. [Targeted monitoring](#)
3. [Intensive risk-based monitoring](#)

Both onsite and desk reviews follow similar procedures, in which ODE assesses the performance and compliance of the LEA against applicable administrative regulations and grant requirements. The OESO IDEA Fiscal Team is responsible for the implementation of all targeted and intensive monitoring activities.

## General Supervision

### General Supervision and Monitoring

#### [34 CFR 300.600](#)

As a condition of receiving IDEA funds, States must have a system to supervise and monitor LEAs and Early Intervention Services (EIS) programs and providers. The general supervision system assesses each program's implementation of the IDEA as they work to improve outcomes for children with disabilities and meet IDEA requirements.

A key component of general supervision is integrated monitoring activities. These examine and evaluate an LEA's or EIS program's implementation of IDEA, emphasizing educational results, functional outcomes, and compliance.

Under IDEA Part B, the State must monitor LEAs in:

- Provision of FAPE in the least restrictive environment
- Child find
- Transition services
- Dispute resolution
- Disproportionate representation of racial/ethnic groups in special education

Under Part C, the State must monitor EIS programs and providers in:

- Early intervention services in natural environments
- Child find
- Transition services
- Dispute resolution

Monitoring activities assess equitable implementation of IDEA through reviewing policies, procedures, and practices. They could include evaluating fiscal management, reviewing budget/expenditure data, and more. Monitoring enables ODE to evaluate an LEA's or EIS programs or provider's policies, procedures, and practices for fiscal management to ensure that IDEA funds are distributed and expended in accordance with Federal fiscal requirements.

### 3: State Educational Agency Risk Assessment

Within the annual IDEA application, the ODE IDEA Fiscal Team includes an assessment to determine each LEA's risk of noncompliance with the regulations associated with IDEA Part B. Results of the fiscal risk assessment are immediately available for the LEA at the time of completion of the IDEA Part B application. The result of the risk assessment is one factor used to determine if an LEA will be subject to a higher tier of fiscal monitoring.

[See Appendix](#)

### 4: Monitoring Activities and Types of Reviews

Based on the results of monitoring in any of the following categories, the ODE will determine the level of Technical Assistance needed to support the LEA to work through a finding or resolve a general question.

Tier I: Universal Monitoring/Technical Assistance

As the primary recipient of IDEA Part B federal grants, ODE is responsible for monitoring the activities of its subrecipients to ensure the subaward is used for authorized purposes and is in compliance with federal and state statutes, regulations, and the terms and conditions of the grant, pursuant to [2 CFR §200.332](#). Annually, the ODE IDEA Fiscal Team, in collaboration with other state education agencies, performs a series of activities that are applicable to all LEAs as part of the universal monitoring activities. The following is a list of monitoring activities that ODE performs annually and serve as the first line of oversight of all grant recipients:

- Review of LEA's IDEA Part B Grant Application and required [34 CFR §300.200](#)
- Annual budget review
- Annual review of maintenance of effort (MOE) compliance data
- Monitoring of excess cost requirements
- Monitoring of timely claiming of funds
- Annual risk assessment
- Review of Single Audit reports
- Annual training provided to LEAs on IDEA federal and state fiscal compliance requirements

#### Technical Assistance

The ODE Office of Enhancing Student Opportunities (OESO) provides technical assistance to ensure that all sub-recipients of IDEA awards are compliant with applicable federal statutes and regulations including the uniform administrative requirements and cost principles for federal awards given in Title 2 of the Code of Federal Regulations (CFR), Part 200, as well as the specific administrative and fiscal requirements

of IDEA. 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 sub-recipient. Technical Assistance could include and is not limited to any of the following:

- Individual trainings and meetings to resolve questions or concerns
- General trainings facilitated by ODE
- Other trainings provided by federal partners

## Tier II: Targeted Monitoring

The ODE IDEA Fiscal Team is responsible for the monitoring of cross-cutting and IDEA-specific requirements using the fiscal monitoring protocols for IDEA. All LEAs in the state will take part in either a Tier II (targeted) or Tier III (intensive) monitoring experience at least once every six years, in addition to the universal monitoring activities conducted annually. A three-year cycle using OESO General Supervision cohort lists.

### Sequential Sampling Claims Monitoring

Sequential sampling is a non-probability sampling technique that consists of selecting a single subject or a group of subjects in each time interval. This sampling method will ensure that the ODE OESO – IDEA Fiscal Monitoring Team monitors all LEAs and subrecipients receiving IDEA Part B 611 & 619 (Preschool) Funds at a given point of time in a three–year cycle at a minimum.

The ODE Office of Enhancing Student Opportunities awards IDEA Part B and Preschool Funds to approximately 197 Local Education Agencies (LEAs). Therefore, this sampling method will allow the Office of Enhancing Student Opportunities to monitor approximately 67 sub recipients per year.

For more information about Sequential Sampling Claims Monitoring: [Fiscal Sampling Claims Documentation Process for.docx](#)

LEAs may also be considered for Tier III Monitoring because of concerns discovered by the SEA through alternative methods and Tier II Monitoring. The SEA reserves the right to monitor any LEA at any time regardless of the risk assessment results or the annual monitoring cycle.

[See Appendix](#)

Targeted Monitoring could result in a further review and Desk Review outlined below:

### Desk Review

The purpose of a desk review is to ensure that each LEA has internal controls in place to ensure schools are compliant with federal and state statutes. The desk review includes a review of files submitted by the LEA, including but not limited to, the following:

- Budget or expenditure reports
- Time and effort documentation
- Documentation related to program-specific areas (where applicable)

- Written, board-approved fiscal policies and procedures
- Additional fiscal data submitted requested by ODE
- Grant award letters, contracts, files, documents, and related correspondence
- Audit reports (as necessary)

#### Interview and Additional Information Request

Targeted monitoring may also include follow-up virtual interviews or requests for additional information based on the initial review related to any policies, procedures, or practices found to be inconsistent with federal regulations.

Targeted monitoring occurs annually during the award year beginning October 1<sup>st</sup>. Each LEA is notified via email in September of the upcoming desk review. Each LEA is required to submit requested documentation to ODE within three months of notification for a desk review or any Tier II Monitoring.

#### Tier III: Intensive Monitoring

In addition to Tier I (universal) and Tier II (targeted) monitoring, LEAs may be selected for Tier III (intensive) monitoring when the risk assessments results indicate a need for increased support and monitoring regardless of whether they are part of that year's cycle.

Tier III monitoring is a result of indicators discovered by the SEA through alternative methods. The SEA reserves the right to monitor any LEA at any time regardless of the risk assessment results or the annual monitoring cycle. If an LEA is identified as “High Risk”, two or more consecutive years, the initial Tier III Monitoring window will be extended. Tier III desk review monitoring begins with electronic and phone communications between ODE and pertinent LEA staff. An in-person component may also be involved.

#### Desk Review

Tier III Monitoring begins with a desk review that assesses internal controls and the following if applicable:

- Budget or expenditure reports
- Proportionate share expenditure documentation (including consultation logs)
- Time and effort documentation
- Written, board-approved, fiscal policies and procedures
- IDEA Part B Applications and all budget amendments
- Grant award letters, contracts, files, documents, and related correspondence
- Audit reports (as necessary)
- Equipment purchases/Inventory lists
- Financial Management Assurance Statement
- CEIS/CCEIS expenditure documentation and data collection

#### Onsite Monitoring

Onsite monitoring consists of, but is not limited to, the following:

- Entrance meeting — the ODE team provides a description of the scope and purpose of the monitoring, requests additional information from the LEA, and verifies that information required to complete the monitoring visit is available at the site.

- Interviews — the ODE fiscal supervisor interviews staff involved with IDEA Part B grant activity (specifically business managers and special education directors). The interview focuses on unresolved issues or questions that result from the preliminary review of documents submitted.
- Detailed document review — the ODE Special Education Fiscal Team conducts a detailed review of the following:
  - Fiscal records for compliance with IDEA Part B §§ 611 and 619 requirements, generally accepted accounting principles, and internal control best practices
  - Pay records (timecards/sheets) and attendance reports to ensure compliance with time and effort requirements
  - Staffing levels, operating procedures, and contracts
  - Employment contracts/agreements between LEAs and personnel 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
  - Subrecipient records of IDEA Part B fund expenditures and supporting documents
  - Written, board-approved fiscal policies and procedures
  - Procurement procedures and practices
  - Financial management procedures and practices
  - Record-keeping procedures and practices
  - Property control records
- Verification of practice — the ODE team may visit schools and classrooms to verify purchases and allowable costs, including the review of personnel and verification of time and effort reporting. Equipment inventory may also be reviewed.
- Exit interview — the ODE team conducts an exit interview with the appropriate LEA staff when the monitoring visit is completed. Problem areas will be discussed in general terms.

## 5: Single Audits

The ODE Fiscal Special Education team may follow up on any findings received by LEAs and may provide guidance and technical assistance if needed. The ODE Fiscal Special Education team is responsible for monitoring the completion of the corrective action plan (CAP) and logging the completion date into the internal tracking log. The fiscal specialist will send a release letter to the LEA once all the findings have been addressed and corrected. Additionally, during targeted and intensive fiscal monitoring activities, correction of single audit findings is also reviewed and evidence of implementation of CAP is collected when applicable.

[See Appendix](#)

## 6: Monitoring Reporting and Finding of Noncompliance

### Monitoring Report

The ODE IDEA Fiscal team of reviewers will complete a monitoring report within 90 days of the completion of the desk or onsite review. The report will outline the monitoring's objectives, scope, and methodology, as well as the findings, recommendations, and whether and when corrective action is required. Findings will contain a statement of noncompliance (e.g., regulation, directive, contract



clause), the condition found or reason for the finding of noncompliance, and the request for required corrective actions and evidence for verification of correction.

Each finding of noncompliance must be addressed as soon as possible and no later than one year from the date of the monitoring report [34CFR § 300.600(e)]. Depending on the severity of the noncompliance, LEAs may be required to submit a detailed corrective action plan and timeline within 30 days of the notification. If the review of risk reveals material weaknesses in internal controls, an improvement plan will be developed.

The ODE IDEA Fiscal Team will be responsible for monitoring reports and findings, along with communication between the LEA's and ODE. Any findings and corrective actions will be provided to the LEA in the monitoring report. The ODE IDEA Fiscal Team will be responsible for communicating the reason for the monitoring. Upon the conclusion of the monitoring process, the ODE IDEA Fiscal Team will issue a report to the LEA. The ODE IDEA Fiscal Team will conduct an initial follow up meeting to determine corrective action plan and timeline, and after that, as needed to ensure that the LEA is on track with the CAP. The report will be issued to the LEA Superintendent, Special Education Director and any LEA staff included during the monitoring process. Additionally, ODE IDEA Fiscal Team will include internal partners responsible for programmatic monitoring and LEA support. Which includes, but is not limited to, District Support Specialist (DSS), and other related ODE staff.

### **Types of Noncompliance**

Types of noncompliance may include, but are not limited to, the following:

- Expenditure of funds or conducting activities that are not in accordance with the IDEA authorizing statute, regulations, guidelines, or approved application
- Failure to account for funds in accordance with applicable federal statute and laws, the ODE financial management standards or Administrative Rules
- Findings in a Single Audit conducted by an independent auditor
- Failure to comply with
  - Programmatic or fiscal reporting requirements;
  - Coordinated Early Intervening Services (CEIS) reporting;
  - Comprehensive Coordinated Early Intervening Services (CCEIS) reporting
  - Parentally-placed private school proportionate share reporting; and/or
  - Previous required corrective actions, refund requests, or special conditions

### **Remedies for Noncompliance (CFR 200.399) (See section 8 for more detail)**

- Review and revisions of policies and procedures
- Required Training or webinars (if available and applicable within the one-year timeframe)
- Disallow all or part of the cost or activity or action that is non-compliant
- A hold can be placed on Federal Funds

- In certain circumstances ODE reserves the right to wholly suspend and or terminate Federal Funds
- Suspension or debarment of the Federal Award process
- Other remedies that might be legally available for ODE to enforce

## 7: Corrective/Required Action and Technical Assistance

### Corrective Action Plan

If a LEA receives a report with monitoring findings and recommended corrective action plan (CAP), the finding of noncompliance must be addressed and acknowledged within the first 30 days of receiving each finding and will be resolved within one year. [Here is an example](#) Corrective Action Plan.

The LEA must submit its corrective action plan to the ODE IDEA Fiscal office for special education once it has been developed. Once the LEA has submitted evidence of the correction of noncompliance issues and evidence of implementation of corrected procedures, a member of the ODE IDEA Fiscal Team sends a notification that the noncompliance issues have been successfully remediated. A LEA that successfully remediates a noncompliance issue will be noted and recorded in the ODE IDEA Fiscal Monitoring Tracker. This non-compliance issue may be referenced moving forward when analyzing the annual risk assessment, the ODE IDEA Fiscal Team keeps track of risk indications year over year.

If the findings are not addressed within one year, the ODE may use the enforcement tools listed in [2 CFR §200.339](#), such as the requirement of technical assistance with the suggested corrective action plan, additional grant restrictions, the freezing of federal funding, or the withholding of funds entirely or in part. The ODE IDEA Fiscal Team will conduct follow-up meetings throughout the year as needed. These follow up meetings are intended to provide updates to the process in terms of the remedy of the findings. Upon conclusion of these meetings a determination and close out letter will be issued by the ODE IDEA Fiscal Team to the LEA, District Support Specialist (DSS), and other related ODE staff.

In addition to the desk or onsite fiscal monitoring review, ODE may identify an LEA as noncompliant.

- Based on findings from an external audit, or
- Because of concerns identified through other means. (Ex. Risk Assessment)

Once identified, the LEA will receive notification of the requirement to complete a corrective action plan. The corrective action plan describes the following:

- The areas of noncompliance
- The required corrective action(s)
- Any enforcement actions

The corrective action ensures that the subrecipient corrects the finding(s) of noncompliance and complies with federal requirements.

To complete a corrective action, the LEA must demonstrate that it has corrected the issue that caused the noncompliance. The LEA must do so by:

- Providing specific documentation that supports the completion of the corrective action by the date specified, or
- Submitting the required documentation to the ODE through the grant management system by the date indicated on the corrective action notification.

If there are questions about the assigned corrective action, the LEA may contact the ODE special education fiscal specialist indicated on the corrective action notification.

### **LEA Technical Assistance (TA)**

The ODE IDEA Fiscal Team will play a crucial role in supporting LEAs in matters of fiscal compliance. The ODE establishes a tiered system of support that consists of levels I, II, and III of technical support.

- **Tier I Level of Support:** ODE IDEA Fiscal Team will engage in proactive efforts by providing universal virtual and in-person training, webinars [annually, quarterly monthly] to all LEAs. The ODE also provides general guidance, tools, and resources to LEAs, assisting them in understanding fiscal compliance requirements, mitigating risk or noncompliance, or proactively resolving findings of noncompliance.
- **Tier II Level of Support:** ODE IDEA Fiscal Team also offers targeted training on specific IDEA fiscal requirements and more tailored support to groups of LEAs facing specific challenges.
- **Tier III Level of Support:** ODE IDEA Fiscal Team offers on-demand technical assistance to selected LEAs through one-on-one coaching, TA calls, or onsite TA visits involving intensive and personalized interventions to address specific issues identified through monitoring activities to assist LEAs in resolving their compliance issues more effectively.

This tiered approach ensures a comprehensive and structured support system, aiding LEAs in achieving fiscal compliance, and ensuring the proper use of resources for the betterment of education.

### **Resolution and Monitoring Closeout**

The ODE considers all findings of noncompliance as resolved only after the LEA has provided sufficient evidence that the corrective action plan is fully implemented. Needs a transitional sentence here, such as: When the ODE has determined that all findings have been resolved -

1. The ODE IDEA Fiscal Team issues a closeout letter to the LEA within six months of the submission of the final satisfactory evidence indicating that all required actions have been resolved.
2. On a case-by-case basis, the ODE IDEA Fiscal Team will consider the reasoning and results of the monitoring to determine the future technical assistance needed for the LEA.
3. The ODE IDEA Fiscal Team will also consider common issues among the LEA's to determine if a larger group training or webinar needs to be provided to all.

## **8: Subrecipient Noncompliance and States' Enforcement Mechanisms**

The ODE may take enforcement actions as part of a corrective action or for noncompliance with a previous corrective action. The Uniform Grant Guidance [2 CFR§200.339](#) authorizes the ODE to use enforcement mechanisms that may include but are not limited to the following:

- Temporarily withhold cash payments pending correction of the deficiency or more severe enforcement action
- 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
- Withhold further federal awards for the grant
- Take other remedies that may be legally available
- ODE may deny a grant application for federal funding as an enforcement action

### **Disallowance of Cost and Recovery Process**

A cost that has been disallowed as a result of a fiscal monitoring or single audit may be subject to recovery. Under the implementing regulations for GEPA ([34 CFR §81.30](#)), the ODE may require an LEA to return funds that have been disallowed to the ODE if –

- (1) The LEA made an unallowable expenditure of IDEA funds; or
- (2) The LEA otherwise failed to discharge its obligation to account properly for its IDEA Part B federal grant. This decision may be based on an audit report, an investigative report, a monitoring report, or any other evidence.

Under GEPA [34 CFR §81.32](#), a LEA that made an unallowable expenditure or otherwise failed to account properly for funds shall return an amount that is proportional to the extent of the harm, its violation caused to an identifiable federal interest associated with the program. The regulation definition of an identifiable federal interest includes, but is not limited to, the following criteria:

- Serving only eligible beneficiaries
- Providing only authorized services or benefits
- Complying with expenditure requirements and conditions, such as set-aside, excess cost, maintenance of effort, comparability, supplement-not-supplant, and matching requirements
- Preserving the integrity of planning, application, recordkeeping, and reporting requirements
- Maintaining accountability for the use of funds

The ODE process of recovery of funds must include the following:

- Notice of disallowance with finding of noncompliance
- ODE determination letter based on audit finding per [34 CFR 81.34](#)
- Application for review of a disallowance per [34 CFR 81.37](#)
- Final decision [34 CFR 81.44](#)
- Collection of disallowed cost per [34 CFR 81.45](#)

The ODE's attorney from the Attorney General's Office may be called in for counsel depending on issues detected during the review of noncompliance prior to enforcement action being imposed. The LEA can adjust within the financial management system for costs that have been determined unallowable as a

result of the review or audit. The LEA must send a payment in the form of a check to the ODE for the amount that was determined unallowable for a grant period that has closed.

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### **Suspension or Termination of Federal Award**

IDEA Part B Federal awards may be terminated in whole or in part, after reasonable notice and an opportunity for a hearing [§300.222\(a\)](#) by the ODE, as follows, per [2 CFR 200.340](#):

- If a LEA fails to comply with the terms and conditions of a federal award
- If an award no longer effectuates the program goals or agency priorities
- With consent of the LEA
- By the LEA upon sending written notification including reasons for termination
- Pursuant to termination provisions included in the federal award

The ODE will clearly specify termination provisions applicable to IDEA Part B federal grants. When terminating a federal award prior to the end of the period of performance due to material failure to comply with the federal award terms and conditions, the ODE must report the termination to the OMB-designated integrity and performance system accessible through [SAM \(currently FAPIIS\)](#). The termination of a federal award should not be reported into the designated integrity and performance system until the LEA entity has either –

- Has exhausted its opportunities to object or challenge the decision, see [§ 200.342](#); or
- Has not, within 30 calendar days after being notified of the termination, informed the ODE that it intends to appeal the decision to terminate.

If after entering information into the designated integrity and performance system about a termination, the ODE subsequently learns that any of that information is erroneous, the ODE must correct the information in the system within three business days. The ODE should amend the information in the system to incorporate the update in a timely way.

When posting or reposting any information that will be made publicly available, the ODE must be in accordance with the Freedom of Information Act. When a federal award is terminated or partially terminated, both the federal awarding agency or pass-through entity and the non-federal entity remain responsible for the compliance with the close-outs requirements in §§ [200.344](#) and [200.345](#). Should the results of a finding lead to an enforcement action where ODE would wholly or partially terminate an award or deny an application for an IDEA award, ODE will recognize an LEA's request for arbitration or hearing based on the results of the finding.

## **9: Appendix**

### **ODE IDEA Fiscal Team Contact Information**

## Contact Information

Please direct all questions or comments to the Office of Enhancing Student Opportunities IDEA Fiscal Team:

Topic	Contact	Email
IDEA or State Regulations and Statutes	Alex Vermillion	<a href="mailto:Alex.vermillion@ode.oregon.gov">Alex.vermillion@ode.oregon.gov</a>
	Thea Donovan	<a href="mailto:Thea.donovan@ode.oregon.gov">Thea.donovan@ode.oregon.gov</a>
IDEA Allocation Calculations	Alex Vermillion	<a href="mailto:Alex.vermillion@ode.oregon.gov">Alex.vermillion@ode.oregon.gov</a>
Electronic Grants Management	Rae Ann Ray	<a href="mailto:RaeAnn.Ray@ode.oregon.gov">RaeAnn.Ray@ode.oregon.gov</a>
General IDEA Finance Questions	IDEA Fiscal Team	<a href="mailto:ODE.IDEAFinance@ode.oregon.gov">ODE.IDEAFinance@ode.oregon.gov</a>
Invoice Inbox	IDEA Fiscal Team	<a href="mailto:ODE.OSS-Invoices@ode.oregon.gov">ODE.OSS-Invoices@ode.oregon.gov</a>
Assurances Inbox	IDEA Fiscal Team	<a href="mailto:ODE.IDEAssurances@ode.oregon.gov">ODE.IDEAssurances@ode.oregon.gov</a>

## Acronyms

CFR	=	Code of Federal Regulations
EGMS	=	Electronic Grants Management System
IDEA	=	Individuals with Disabilities in Education Act
LEA	=	Local Education Agency
LRE	=	Least Restrictive Environment
ODE	=	Oregon Department of Education
OESO	=	Office of Enhancing Student Opportunities
SEA	=	State Education Agency

Corrective Action Plan Example



Oregon  
Tina Kotek, Governor



Dr. Charlene Williams  
Director of the Department of Education

**\*LEA\* IDEA Focused Fiscal Monitoring Report and Corrective Action Plan**

This document contains a report and timeline for the LEA to reference and identify the findings from the ODE’s IDEA Focused Fiscal Monitoring. The purpose of this document is to allow the LEA to review and read through the questions that were asked during the monitoring process. While this document is delivered to the LEA to work with, ODE will maintain an updated version of both the timeline and the questions to track and maintain progress.

Activity Date	Activity Description	Notes
9/15/23	ODE notified the LEA of on-site monitoring	Email sent to Superintendent, Business Manager
11/6-8/23	ODE conducted on-site monitoring of the LEA	In person review of documents and staff interviews
2/7/2024	ODE Sent Fiscal Monitoring Report	Report includes follow up letter, ODE’s evaluation, and Corrective Action Plan
TBD	ODE Meets with the LEA	Goal of meeting: <ul style="list-style-type: none"> <li>Review corrective <u>actions</u></li> <li>Determine owners of work</li> <li>Create first iteration of <u>timeline</u></li> </ul>

**Section 1. Administrative Review**

1. Does the LEA have concerns about the latest Uniform Grant Guidance requirements? (2 CFR Part 3474)
  - a. *No, the LEA does not have concerns about UGG. The LEA did express interest in having an update from ODE at the beginning of the calendar year.*
2. Has the LEA submitted all required reports on time?
  - a. *No, the LEA was late with the 2021-2022 Excess Cost report submission. ODE’s corrective action plan includes documented procedures detailing submission windows for accurate data collections.*

**Section 2. Cost Principles and Expenditures Testing**

1. Expenditures and budgets are tracked and reported separately per federal grant in the accounting system.
  - a. *Yes, the LEA has separate reports for the Trial Balance and Expenditures. The LEA has budgets reflected in iVisions. Each fund is numbered and tracked separately.*

## Risk Based Monitoring

The risk-based monitoring method will be used on an on-going basis. The IDEA Part B Administrators will perform an annual risk assessment of all LEAs and sub recipients receiving IDEA Part B 611 & 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.

Any LEA identified as “high risk” for the fiscal compliance and accountability requirements will be subject to review and analysis of the high-risk indicators and the top 10% of the high-risk category will be considered for Focused Fiscal Monitoring. The ODE will notify the LEA of the noncompliance, identifying the level of noncompliance and the required actions to correct the noncompliance.

## Risk Categories and Cycle

### Low Risk

LEAs falling into this category will be subject to the sequential monitoring schedule for a desk or field review every four years as described above. Depending on the risk level posed by the non-compliance issue, the LEA might be on schedule for training and technical assistance in the months following the annual risk assessment, if deemed necessary.

### Medium Risk

LEAs falling into this category will be subject to a desk or field review every two years until the IDEA Funding and Fiscal Accountability Coordinator has determined that they meet all the criteria to be removed from this category. Depending on the risk level posed by the non-compliance issue, the LEA might be on schedule for training and technical assistance in the months following the annual risk assessment, if deemed necessary.

### High Risk

LEAs falling into this category will be subject to a desk or field review every year until the IDEA Funding and Fiscal Accountability Coordinator has determined that they meet all the criteria to be removed from this category.

In order to evaluate unobligated IDEA funds, IDEA Fiscal team will use ODE established criteria for evaluating unobligated ESSER funds. One risk associated with IDEA grants is funds left unobligated by the end of the grant periods.

## Risk due to unobligated funds

As IDEA funds are required to be fully obligated by September 30, 20XX, the way ODE identifies risk in this area is to measure if districts have obligated funds at a rate commensurate with the time remaining in the grant period. If the district’s percentage of remaining IDEA funds is above the percentage of time remaining to obligate those funds, then the ODE IDEA Fiscal team would deem this fact as one risk factor for the district. Unobligated funds are considered during the review process for each LEA during the Fiscal Risk Analysis.

Risk Assessment Criteria:



For example, LEA “XXX” is in Cohort 2 for Sequential Sampling Claims Monitoring, but their risk assessment score places them in the high-risk category. The LEA could be subject to a Desk Review or Tier 3 monitoring in the current year along with their assigned Sequential Sampling Claims Monitoring cohort.

## Outline of Monitoring Process

ODE follows the process outlined below:

- ODE Special Education Fiscal team and supervisor reviews an annual risk assessment for all LEAs that are subrecipients of IDEA Part B sections 611 and 619 funds, to determine their potential risk of noncompliance.
- Each selected LEA will receive a notification letter in September prior to the review with an overview of the monitoring protocols and any request for document submission at least prior to the monitoring review.
- LEAs selected for intensive monitoring are informed of their type of review via email.
- ODE special education fiscal staff conduct a virtual desk audit in the Fall to inform the focus of the intensive risk-based monitoring in each LEA.

## ODE Fiscal Risk Assessment

The fiscal components of the risk assessment include:

- Single Audit Review Findings/Corrections
- Prior Fiscal and Program Monitoring Findings
- Significant Disproportionality determination
- Timely Submission of Financial Reports (including IDEA Part B application and assurances)
- Compliance and Eligibility Requirements of Maintenance of Effort (MOE)
- Excess Cost requirements
- Amount of IDEA Part B carryover greater than 75%
- Lapse of IDEA Part B funds
- Written Policies and Procedures
- Newly Hired Special Education Director (2 years or less in position)
- Newly Hired Business Officer (2 years or less in position)
- Length of Time School/LEA Has Been Open/Operational (3 years or less)
- Budget Amendments
- New Financial Management System

## Single Audit

The ODE will adhere to federal regulations requiring grantees to be audited in accordance with 2 CFR Part 200, Subpart F. The auditor will prepare a report in compliance with this part and, and each grantee is accountable for the subsequent follow up. Any IDEA-related findings may be reviewed and considered as part of risk-based monitoring.

The ODE OESO will determine whether the LEAs selected will be subject to a desk review or a field review. The factors used in making that determination shall be based on their fiscal risk score combined with the size of the award amount in the last three recent fiscal years, as follows:

- Award amount \$750,000 or less: less likely to be subject to a field review
- Award amount \$750,000 - \$1,500,000: somewhat likely to be subject to a field review
- Award amount \$1,500,000 or more: most likely to be subject to a field review
- Desk review questions based on fiscal risk assessment questions

The ODE will adhere to federal regulations requiring grantees to be audited in accordance with 2 CFR Part 200, Subpart F — Audit Requirements. During a single audit, an auditor from ODE School Finance examines:

- The financial statements and schedule of expenditures for federal awards;
- Compliance with laws, regulations, and contract or grant agreement provisions that have a direct and material effect on each of the federal programs; and
- The effectiveness of internal control over federal programs in preventing or detecting noncompliance.

The independent auditor will prepare a report in compliance with Subpart F of 2 CFR Part 200. Each grantee is accountable for the subsequent follow-up and must develop a corrective action plan (CAP) for each audit finding. The name of the employee in charge of each task must be listed along with the task's projected completion date.

### Single Audit Procedures

The ODE IDEA Fiscal team may follow up on any findings received by LEAs and may provide guidance and technical assistance if needed. The ODE IDEA Fiscal team is responsible for monitoring the completion of the corrective action plan (CAP) and logging the completion date into the internal tracking log. The fiscal specialist will send a release letter to the LEA once all the findings have been addressed and corrected. Additionally, during targeted and intensive fiscal monitoring activities, correction of single audit findings is also reviewed and evidence of implementation of CAP is collected when applicable.

Every year in the fall, the special education fiscal specialist contacts the ODE business office to request a list of all LEAs that spent \$1 Million <sup>1</sup>or more in federal funding in the previous fiscal year. The information is entered into a tracking log by the special education fiscal specialist, who also notes all prior year audit findings. Single audit findings are included in the risk assessment as a risk indicator.

Any single audit finding that is related to IDEA or that affects IDEA would trigger a monitoring event.

<https://facweb.census.gov/uploadpdf.aspx>

LEAs are required to submit single audit reports to the ODE School Finance Office. The ODE School Finance officer is responsible for ensuring that LEAs submit the reports by November 15 of each year. If

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<sup>1</sup> OMB proposed revisions pending Fall 2023

one is missing, the school finance officer will contact the LEA directly. Sanctions are then imposed if the audit reports are not submitted by the deadline established.

The ODE School Finance Office provides the list of audit findings related to the IDEA Part B federal grants to the ODE IDEA Fiscal team to determine if they agree or disagree with the finding. The ODE school finance office issues a Management Decision Letter (see 2 CFR 200.521) based on the final determination of the special education fiscal team.

The ODE IDEA Fiscal team follows up on any findings received by LEAs and provides guidance and technical assistance if needed. The IDEA Fiscal Monitoring team will be assigned to a particular LEA and is responsible for monitoring the completion of the corrective action plan (CAP) and logging the completion date into the internal tracking log. The fiscal specialist will send a release letter to the LEA once all the findings have been addressed and corrected. Additionally, during targeted and intensive fiscal monitoring activities, correction of single audit findings is also reviewed and evidence of implementation of CAP is collected when applicable.

The IDEA Fiscal Team is responsible for conducting and concluding the CAP and resolution of the Single Audit finding related to IDEA. Below is an overview of our process

- Review of state Single Audit report and findings related to IDEA
- Review of Federal Clearing House by IDEA grant codes
- ODE reserves the right to accept or reject the Single Audit findings
  - Should a finding be rejected, there can still be CAP provided by ODE
- Technical Assistance will be conducted regardless if the Single Audit finding is accepted or reject by ODE
- This release letter is only related to the IDEA related funds and expenditures. This CAP and the results from, will not relieve the LEA from other findings that are not related to IDEA funds.

## Timelines

### Tier 1:

- Yearly risk assessment
- Technical Assistance on-going throughout the year
- Any identification of noncompliance or high-risk practices will elevate the LEA to Tier 2 or 3 monitoring based on severity of risk

### Tier 2:

- Tier 1 monitoring plus:
- Sequential Sampling Claims Monitoring
- ODE contacts LEA within 30 days of identifying noncompliance or high-risk practices
- ODE provides technical assistance as needed to resolve noncompliance or high-risk practice
- ODE provides written documentation of resolution of noncompliance
- ODE will could move the LEA to Tier 3 Monitoring after twelve months if the initial non-compliance has not been resolved

Tier 3:

- Tier 1 and/or Tier 2 monitoring
- ODE establishes criteria for Tier 3 monitoring in the Fall of each year
- ODE contacts LEA by October 1<sup>st</sup> to schedule monitoring entrance conference
- ODE works with LEA to establish onsite monitoring dates
- ODE will provide monitoring report and corrective action plan, if needed, within 90 days of onsite monitoring conclusion
- ODE will provide technical assistance as needed to resolve findings established during monitoring
- ODE will provide resolution report within 90 days of findings being resolved
- LEA will be subject to Tier 1 monitoring the year following the resolution of original findings