



# Preparing for IDEA Part B Fiscal Monitoring

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Idaho State Dept. of Education

*Supporting Schools and Students to Achieve*

SHERRI YBARRA, ED.S., SUPERINTENDENT OF PUBLIC INSTRUCTION

# Agenda



- Uniform Grant Guidance
- IDEA Part B Fiscal Monitoring System in Idaho
- Annual Risk Assessment
- Fiscal Monitoring Activities
- Fiscal Monitoring findings





# Uniform Grant Guidance

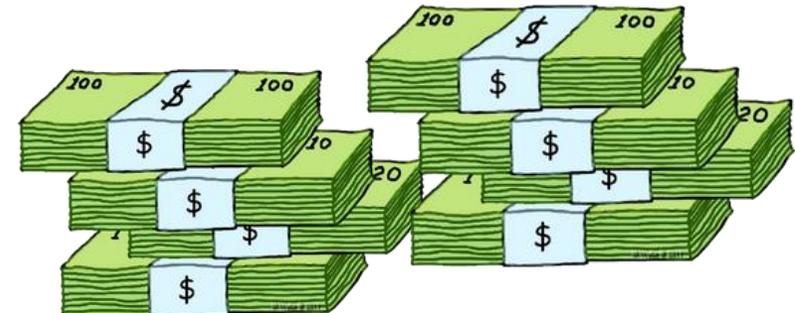


# Monitoring Requirements



2 CFR §200.331 – Subrecipient monitoring/requirements for pass-through entities:

- Must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and subaward terms and conditions.
- May conduct risk assessments before or after subawards are made.
- Must use risk assessment results to determine appropriate subrecipient monitoring activities.



# Consideration of Risk Factors



2 CFR §200.331- The State's considerations in assessing risk may include:

- Prior experience with IDEA subawards.
- Results of previous audits – including whether the subrecipient receives a single audit.
- New personnel or new and/or substantially changed systems.
- Extent and results of Federal agency monitoring.

# Subrecipient Monitoring Tools



2 CFR §200.331- The State's monitoring tools may include:

- Providing training and technical assistance on program-related matters.
- Conducting on-site reviews of the subrecipient's program operations.
- Arranging for agreed-upon procedures engagements (audit services).

# Remedies for Noncompliance



2 CFR §200.338

- Imposing Special Conditions
- Temporarily withholding cash payments pending correction of the deficiency or more severe enforcement action
- Disallowing all or part of the cost of the activity/action not in compliance
- Suspending or terminating the Federal award
- Withholding further Federal awards for the program or project
- Taking other remedies that may be legally available.



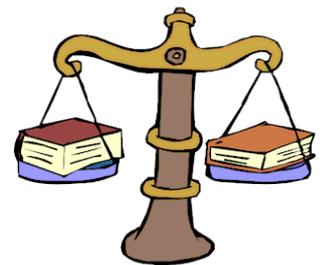
# IDEA Part B Fiscal Monitoring System in Idaho



# Idaho Fiscal Monitoring



- As a pass-through entity we are required to carry out our fiscal monitoring responsibilities as stated in the Federal regulation codes: 34 CFR 300.600 & 2 CFR 200.331
- Idaho implemented a plan in line with the new Uniform Grant Guidance (UGG) requirements in November 2017.



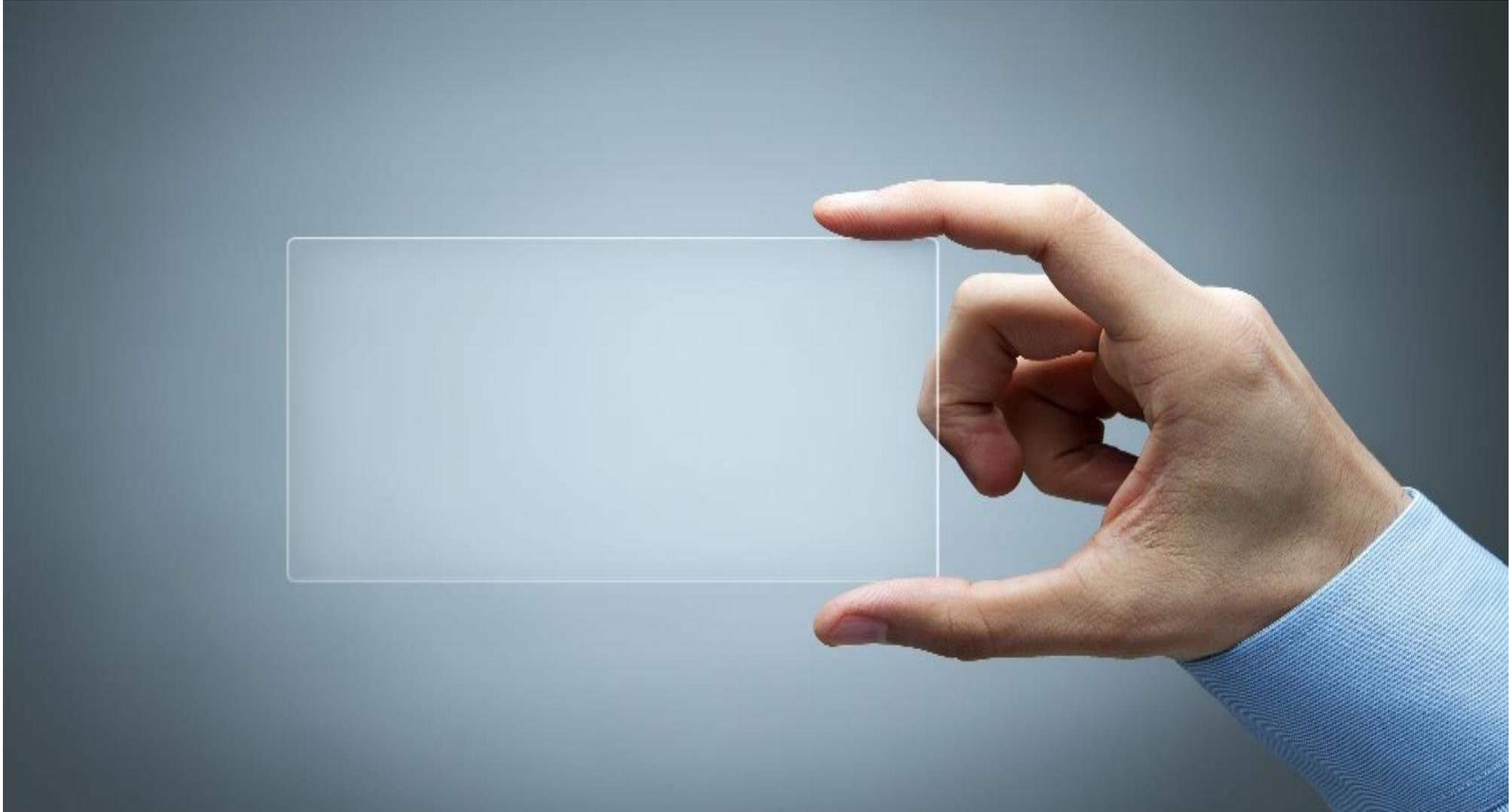
# Idaho Fiscal Monitoring Purpose



- Set the standards for fiscal monitoring and oversight
- Standardize evaluation and monitoring guidelines
- Identify each component of subrecipients fiscal monitoring.



# Transparency



# Procedures and Methodology

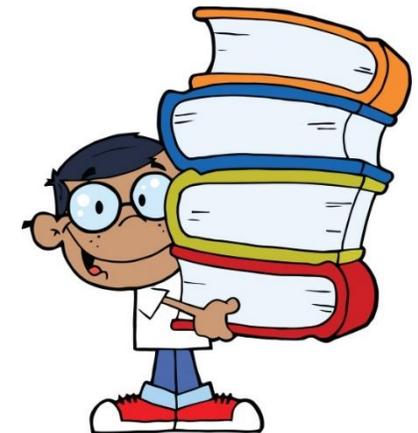


## Ongoing technical Assistance

- Phone Call
- Email conversation

## Preliminary Risk Assessment

- IDEA Part B & Preschool Application review
- Audit report review



## Desk Review

- Performed remotely
- Review of accounting and fiscal records

## Field Review

- On-site visit of subrecipients
- Thorough review of accounting and fiscal records

# Monitoring Selection



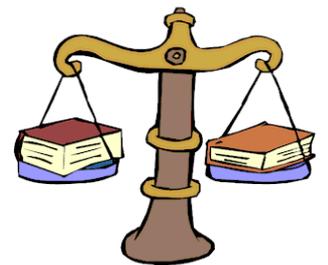
## Sequential Sampling Monitoring

- Previously used monitoring method - still widely used

## Risk Based Monitoring

- New method in line with the Uniform Grant Guidance requirements

Idaho State Department of Education Special Education uses a combination of the two methods.



# Sequential Sampling Selection



Selection based on federal grant size

- Award amount \$750,000 or less: less likely subject to field review
- Award amount \$750,000 - \$1,500,000: somewhat likely subject to field review
- Award amount \$1,500,000 or more: more likely subject to field review

Monitoring cycle

- Sequence of every four years. Idaho has a 6 year record retention policy

Benefits

- LEAs are monitored at least once every four years

# Risk Based Selection



Selection based on annual risk assessment

- Low Risk Grantee: 54 - 60 points
- Medium Risk Grantee: 42 - 53 points
- High Risk Grantee: 0 - 41 points or new charter school

Monitoring cycle

- Low Risk Grantee: every four years – sequential sampling method
- Medium Risk Grantee: every two years
- High Risk Grantee: every year

Benefits

- Grantees in the high-risk pool are prioritized in the monitoring process.



# Annual Risk Assessment



# Annual Risk Assessment

## Risk Indicators



Idaho uses 10 fiscal risk indicators to assess potential of non-compliance with state and federal regulations

1. **Date of last fiscal monitoring visit** – LEAs monitored recently have fresh knowledge
2. **Turnover of Program Staff** – New SPED Director has more potential to make mistakes in the learning process
3. **Turnover of Fiscal Staff** - New Business Manager/CFO has more potential to make mistakes in the learning process
4. **Maintenance of Effort Failure** – Test result in the last 3 years
5. **Annual audit findings** – LEA with findings is an indicator of potential risk of non-compliance

# Annual Risk Assessment

## Risk Indicators ( cont.)



6. **Award Size** – LEAs with more money have more risk because accounting is more complicated
7. **Data Reporting Integrity** – expenditures in IDEA online application and Grant Reimbursement Application match for both 611 and 619
8. **Award Carryover** – LEA with large carryover is an indicator of potential risk
9. **Age of Financial Management System** – LEA with new accounting system has more risk because they can make mistakes while learning new system
10. **Policies and procedures** manual in compliance with Uniform Grant Guidance

# Annual Risk Assessment – Risk Categories



The maximum amount of points is 60 (each risk indicator is worth 6 points)

- Grantee with low potential of risk: 54 - 60 points
- Grantee with medium potential of risk : 42 - 53 points
- Grantee with high potential of risk : 0 - 41 points or new charter school

# Annual Risk Assessment – Average Score Ranking by Metric



Risk Indicators Ranking Low to High	Score	Maximum Score Possible
Data Reporting Integrity	1.94	6.00
Audit Results	4.56	6.00
Program Staff Turnover	4.78	6.00
Policies and Procedures	5.13	6.00
Carryover of Funds	5.26	6.00
Fiscal Turnover	5.29	6.00
Award Size	5.57	6.00
Maintenance of Effort	5.78	6.00
Date of Last Fiscal Monitoring	6.00	6.00
Age of Financial Management System	6.00	6.00

# Annual Risk Assessment – New Metric and Weight



Risk Indicators	Weight
Program Staff Turnover	3.00
Fiscal Staff Turnover	3.00
Date of Last Fiscal Monitoring	6.00
Maintenance of Effort	6.00
Audit Results	6.00
Award Size	6.00
Data Reporting Integrity	6.00
Carryover of Funds	6.00
Timeliness of GRA Submission	6.00
Age of Financial Management System	6.00
Policies and Procedures	6.00
<b>Total</b>	<b>60.00</b>



# Fiscal Monitoring Activities



# Fiscal Monitoring Activities



# Fiscal Monitoring Sections



The Fiscal Monitoring Form has 9 sections corresponding to a specific fiscal monitoring test.

- **Section 2 Cost Principles** - Test the allowability of costs in compliance with IDEA Part B and Uniform Grant Guidance regulations.
- **Section 3 Time and Effort** - Test the allowability of salaries and benefits charged to the IDEA Part B Grants and the maintenance of effort expenditures.
- **Section 4 IDEA Specific Requirements** - Test compliance with specific IDEA requirements such as Maintenance of Effort, Private School Proportionate Share, CEIS, and District Charter Allocations.
- **Section 5 Inventory Management** - Test the inventory management system and the procedures.

# Fiscal Monitoring Sections



- **Section 6 Contracts and Procurement** - Test contract administration and procurement systems and procedures.
- **Section 7 Fiscal Record Retention** - Test compliance with state and federal record retention policies and procedures.
- **Section 8 Financial Management System** - Test financial management policies and procedures and accounting systems for efficiency and effectiveness.
- **Section 9 Financial Audit** - Test the implementation of corrective action plans from prior external audit or fiscal monitoring findings.
- **Section 10 Written Fiscal Policies and Procedures** – Test the existence of written policies and procedures in compliance with the Uniform Grant Guidance.

# Time and Effort Certification



## Semi - Annual Certification

- Employees working on Special Education programs and paid with a single funding source.
- Employees working on Special Education Programs and paid partially with a combination of fund 257, 258 or general fund MOE.

## Monthly Personnel Activity Report

- Employees working on multiple programs and consequently paid with multiple funding sources.
- Typically a combination of one or more federal grants or general funds.



# Semi Annual Certification



Sample Time and Effort Documentation – Semi annual

Employee \_\_\_\_\_ Position \_\_\_\_\_

Reporting Period \_\_\_\_\_

<b>Cost Objective (Program Activity)</b>	<b>Grant Program</b>	<b>Fund Code - Function Code</b>	<b>Distribution of Time ( Percentage or hours)</b>
Special Education	IDEA Part B Grant	257 - 521	60%
Special Education	General Funds	100 - 521	40%

Or

<b>Cost Objective (Program Activity)</b>	<b>Grant Program</b>	<b>Fund Code - Function Code</b>	<b>Distribution of Time ( Percentage or hours)</b>
Special Education	IDEA Part B Grant	257 - 521	100%

Employee's Signature \_\_\_\_\_ Date \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated

Reviewed by supervisor \_\_\_\_\_ Date \_\_\_\_\_



# Monthly Personnel Activity Report



<u>Cost Objective or Program Activity</u>		<u>Grant - Fund Code</u>		17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total	%
Special Education	IDEA Part B Schoolage - Fund 257																		4.00	50%
Special Education	IDEA Part B Preschool - Fund 258																		2.00	25%
Special Education	General Fund 100																		2.00	25%
Title I - A	Fund 251																		0.00	0%
																			0.00	0%
																			0.00	0%
Leave Time																			0.00	
TOTAL		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	100%

I certify that the hours reported above are a true representation of work performed.

---

Employee signature \_\_\_\_\_ Date \_\_\_\_\_

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Immediate Supervisor signature \_\_\_\_\_ Date \_\_\_\_\_

# Desk vs Field Reviews



**Desk reviews** test only the following sections

- Section 2 Cost Principles
- Section 3 Time and Effort
- Section 4 IDEA Specific Requirements
- Section 7 Fiscal Record Retention
- Section 8 Financial Management System
- Section 9 Financial Audit
- Section 10 Written Policies and Procedures

**Field reviews** are more extensive and test all sections covered.



# Fiscal Monitoring Findings and Timeline



# FY 2018 Fiscal Monitoring Activities



Type of Review	Reviews Completed	Reviews Closed	Reviews Open
Field Visits	16	6	10
Desk Reviews	19	8	11
<b>Total</b>	<b>35</b>	<b>14</b>	<b>21</b>

Findings by Status	Number
Resolved	81
Outstanding	65
<b>Total Findings</b>	<b>146</b>

# Fiscal Monitoring Findings



<b>Findings by Section</b>	<b>Number</b>
<b>Financial Management</b>	56
<b>Policies and Procedures</b>	25
<b>Time and Effort</b>	18
<b>MOE</b>	13
<b>Cost Principles - Allowability</b>	13
<b>Record Retention</b>	9
<b>Private School Proportionate Share</b>	4
<b>Annual Financial Audit Follow up</b>	4
<b>Procurement</b>	2
<b>Inventory Management</b>	2
<b>Total</b>	146

# Unallowable Expenses and MOE



Unallowable Expenses and MOE	Amount
8 LEAs with unallowable Expenses	\$103,057
8 LEAs with MOE Discrepancies	\$198,319

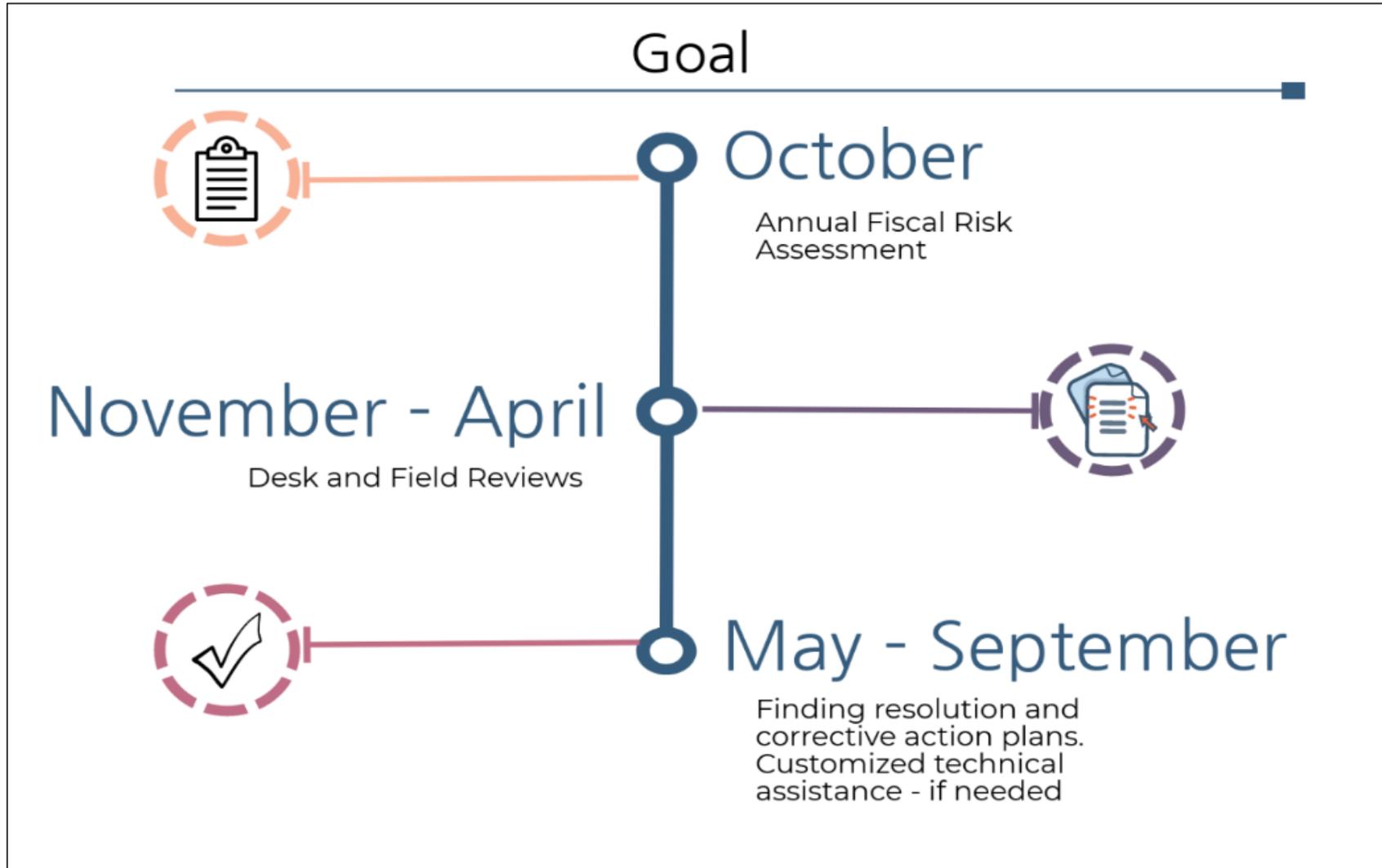
- Some unallowable expenses and MOE failures have been resolved through internal adjustments since the grant period violated were still open.

# Corrective Action Plan



- Findings should be addressed within 30 days of notification including development of a Corrective Action Plan.
- Remediation of non-compliance issues could help improve LEA's risk assessment score.
- Findings not addressed within 90-days time period will prompt the use of enforcement mechanisms by SDE.

# Fiscal Monitoring Timeline



# Special Education Funding Contact Information



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