Individuals with Disabilities Education Act (IDEA),
American Recovery and Reinvestment Act (ARRA) Monitoring and
Reporting Tool Development
Policy Forum

Project Forum
Alexandria, VA
September 15-17, 2010

INTRODUCTION

In cooperation with the U.S. Department of Education (ED), Office of Special Education Programs (OSEP), Project Forum prepared and held a policy forum in Alexandria, Virginia, September 15-17, 2010. We invited IDEA Part B and Part C staff, fiscal monitoring and data management staff from identified states with well developed fiscal and program monitoring systems. See attached Appendix A for the participant list.

This document is for use exclusively within OSEP and it is written specifically with that audience in mind. The sections include the edited notes taken during the large group sessions and the transcribed flip chart notes taken during the small group sessions. See the Appendix A for the forum agenda.

Day 1

The planning meeting between Project Forum and OSEP staff: review of process to be followed and discussion of documentation for this forum. The usual procedures for Project Forum proceedings documents will not be followed for this forum. NASDSE will take notes throughout the meeting and provide them to OSEP for its use in finalizing the IDEA ARRA Subrecipient Monitoring Resources.

Opening:
Becca Walawender: This is the first time a Project Forum policy forum has been used in the way we will be using it. We want you to help us by letting us know what needs to be done to make this tool [subrecipient monitoring tool] work for the states. The ARRA is "unprecedented" in many ways and we are all doing our due diligence to ensure that the funds are used as intended. The ARRA is for a short period and we hired four people to work on this for OSEP. They are known as "RAFers" (Recovery Act Facilitators).

We started with desk audits and this is the next iteration of that. We are not starting over, we are enhancing that process. We will be able to show you documents that are proposed and partially finished. We conducted a pilot using the draft tool with Tennessee and received input from that state that has already resulted in changes. You are asked to be critical and give us your reactions and opinions. We can not tell you how to do subrecipient monitoring, but we will provide a process that meets requirements. We are seeking feedback on the materials that are on the table tonight. We ask that you review them and please note that one of them has to be returned before you leave. Write your name on that document if you would like and make any notes you want to share with us.

Bill East:
Welcome from NASDSE. We are pleased to be working with the Department to put on this forum. We admire OSEP for recognizing that states can provide valuable input to the materials it is developing.

<u>Paula</u>:
There are eight states participating with staff from various sections of the State Education Agency (SEA)—fiscal, data, special education and early intervention. The states were chosen because they are known for having had long-standing successful monitoring systems.

<u>Agenda Review</u>:
Some flexibility is built into the agenda and some parts may still change further. Tonight we will have a PowerPoint presentation (print copies on the tables) and some time for Q&A. During the remaining day and a half, there will be small group sessions and reporting from them to the full group. We will end with a large group session to discuss possible OSEP technical assistance to states on this topic.

<u>PowerPoint Presentation by the RAFers</u>:
First section of the PowerPoint:
- RAF Purpose Statement
- Section 1512 Review
- Technical Assistance (TA) Calls with States
- Definition of Infrastructure
- Infrastructure
- What is Infrastructure?
- Servers: Are they Infrastructure?
- Requirements if it is Infrastructure
- Sample ARRA 1512 Data (example from WI)

Proposed Recovery Act Monitoring:
- The intent is to learn about state systems and work collaboratively with states.
- See Notebook—a set of documents from a variety of sources including the statute, OSEP Parts B & C guidance, use of funds guidance, regulatory requirements in EDGAR, IFA (Integrated Fiscal Responsibility), state documents, Association of Government Accountants materials, A133 audit document, one audit finding from the Inspector General's Office (names redacted) and other related links.

ED ARRA and Subrecipient Monitoring Resources (DRAFT – Not for release)
- This packet of documents will be collected at the end of the forum because they are draft documents and are not for dissemination.
- This draft will be the focus of most of the work of this forum.

Sections 6 and 7 of the notebook review the desk audit process that has already been done and that is the basis of the monitoring process.

ARRA Monitoring Inventories (AMIs) will be discussed tomorrow. Much of the content is similar to what auditors have already looked at, but OSEP is looking at it differently i.e., with a focus on programs and not an audit. It is intended to be technical assistance as well. OSEP will review all available documents and then just ask about specific areas where clarification or added information is needed. We need to discuss how ARRA is different from ongoing IDEA requirements because ARRA will be going away.

We can briefly consider other areas of requirements as well, such as Edujobs. Rules and requirements differ from program to program. Title I is also moving on ARRA monitoring.

There is a Department of Education-wide coordinating committee that has been meeting since before the ARRA passed to prepare to handle the processes and meet requirements.

<u>Day 2</u>

A few follow-up notes and plans for today. Matt will get into the AMIs.
First, the Desk Review (from notebook provided). Once we get into the AMIs, you will see we have not changed the basic structure from the Desk Review, just updated parts of it that were revised by the time the AMIs were being developed.

RAFers started by considering ways they could find out best what was happening in the states. (See first page of notebook – Monitoring Principles in the Overview.) Note: The documents in the packet are in draft form and some have been changed since some of the group originally saw them, especially in the order of some items. We will use the most efficient way we can get the information to go with each probe and that could be documents already submitted or used for another purpose. It is ED's responsibility to fill out the Desk Review form and they will review documents to find sources to get some of the required information. The goal is to not to repeat what has already been submitted by the state. Reviewers take a lot of notes during an onsite visit and then they have to do a concise summary of recommendations and findings.

All states will receive verification visits before the process is completed. There is some overlap from state special education monitoring. For the states that are scheduled for OSEP verification visits this fall, the ARRA staff will coordinate as closely as possible to make the process seamless.

AMI - Part B:
      Monitoring Principle 1
      Priority Area 1A
      Requirements: an explanation of what is required for this area
      Recipient Reports
      Probes (In boxes at the bottom of the page)
      Documentation required – three types of documents listed
      Potential noncompliance?
      Suggested Corrective Action
      This process is intended to provide assistance to states i.e., to yield TA for states and recommendations for ED.

The documents in the packet are intended to be used by ED staff – not necessarily sent out to states. Copies may be sent out to provide SEAs with examples of what ED will be using as a guide to gather evidence. The state will not be filling out any of these documents. ED does not intend to put this document up on the website. It is not an information collection; it is a collaborative process to verify what ED needs to know. Once this is ready to be used, there will be a letter sent to let states know what will be looked at in the visit. If the state corrects problems before the visit, that will be acceptable. The visit is not a search for noncompliance. The process documents will eventually be posted in the description of the visit.

Question: Districts have spent a good percentage of the money and this tool is being created somewhat after the fact. Is there an intention to recover funds from LEAs?
Response: Only 39% of IDEA ARRA funds have been encumbered or expended up to now. We will want to ask how much more has been planned. It is not expected that states will use the funds for items that are not approved because that information has already been provided. We want to gather information that will be useful to ED and to the states.

Question: A lot of what is part of this process is already part of the OSEP monitoring; this ARRA process seems to be duplicative. Could the added elements be added to the OSEP process and not be a separate monitoring process?

Response: The requirements of the ARRA make it necessary for ED to do this additional monitoring that captures all the information in one place. ED will get a complete set of data about the ARRA program even if some of the information is the same as some already collected in OSEP monitoring. It will be used to build future procedures. ED must show that there is appropriate accountability for the funds that were provided.

ARRA reporting will be continued until the second quarter of 2013. ED will work with states throughout that time. There is a possibility of a time extension for the obligation date, but that is not known at this time. Once a state has liquidated all its funds and filed a final report, its requirement to report ends. But, it is not a good idea to plan on extended time – the funds end April 1st as originally set. At this time, ED is under pressure to find out why funds are not being expended more quickly. ED will want to know how ARRA has impacted maintenance of effort (MOE), but that issue will be more appropriate later in the process. The information will be used to justify increased appropriations for special education in the future.

Tennessee trial/pilot visit: The document packet was used on a trial basis in a recent one-day visit to Tennessee. It was an opportunity to pilot the process. It took about a month for the whole process from start to end.

Question:
Will a state's efforts to correct problems be documented?
Response:
The new staff roles that have been added to the Department include developing a lot of technical assistance. The steps the state is taking that will lead to correction will be noted.

9:15 Large group discussion questions:

- In general, what do you see that OSEP should be looking at that was not mentioned [in the subrecipient monitoring tool]?

- Does your state have a procedure for addressing specific elements of the monitoring and reporting that the entire group might benefit from hearing?

No notes were taken from this cursory discussion.

9:30 Table Talk: Overlapping B&C Priority Areas

There were five tables with an RAFer as facilitator at each one. Notes were received from three of the tables. See Appendix B for these notes. An overview of the conversations is below.

Areas: What documentation does your state have for the following areas?
- 1512 reporting
- Timely obligation and liquidation
- Internal controls
- Use of funds
- Fraud, waste, and abuse; and impact of ARRA and achieving results

One probe ED could add is: "Did your state system change because of ARRA reporting?"

Discussion Questions

- What agencies/personnel should be involved in the ARRA Monitoring Inventory (AMI) review process?

- What additional documents should be required (in the 'Documentation Required' section) for OSEP to review that are not mentioned and that would provide evidence that the State has met the specific requirement(s)?

- What additional 'probes' should OSEP ask to collect complete information regarding the specific requirement?

<u>11:00 Large Group: Check in; Share by table</u>

General question: Does your state have procedure(s) or process(es) for addressing ARRA monitoring and reporting that other participants might benefit from hearing?

<u>Sharing from each table</u>:

1. (Becca's group):
   a. In our agency, everything starts with the internal audit division. The questions have to be asked of each division involved. Then there is the compliance area. If there is a centralized office, a member of that office should be part of this review also. When we look at the probes, we look at it based on how we are organized. In IL, monitors ask how we know that the data are accurate. The data are self-reported, so the answer to the accuracy question requires someone to go onsite and check all the records to verify accuracy. We do all the TA we can, but the verification is another matter. IL is moving to a strict reimbursement method in 2012 (now have some forward funding).
   b. We substituted the term "disbursed" for "liquidation" because that is what we use. For Part C, it is necessary to ask both how much has been obligated and how much has been disbursed. The question should use the more common state terminology of disbursed.
   c. Audit findings – how are they addressed? We get A133 audits and see if there is a finding.
   d. The 'use of funds' section is too focused on infrastructure. It should cover all funds.
   e. Additional documentation? Office of Inspector General (OIG) collected samples from some districts when they audited. We have internal control documents.

2. (Sheryl's group)
   a. Because it is so different in each state, each one has to determine who needs to be involved. Were new or revised forms created specifically for ARRA and was there any kind of state review of internal controls?
   b. Also, were any new sanctions implemented? It would be helpful if there were identification of which probes are compliance (as in IDEA indicators). Some of the probes seem to go beyond the data that states were expected to collect at first.

3. (Matthew's group)
   a. Add a list of potential source documentation.

b. You can not tell from a local education agency (LEA) application if funds have been obligated. It is important to be clear about whether a question or probe is talking about state or LEA expenditures.
c. Internal controls – different for state and locals.
d. There are differences between saying something is accurate or reasonable, but we can not be expected to verify every one. Does OSEP have to sign off on the reasonableness of the jobs calculation? OMB will not approve a dollar amount for what is infrastructure. For ARRA, it needs to meet the definition established for infrastructure. Unless the change is moving systems, it is not considered infrastructure.
e. Internal controls - distribution of funds by state.
f. Impact must focus on objective measurable use of the funds as legitimate. There is no way to identify the impact of ARRA dollars if there are other funds and conditions involved at the same time. But, how can ED gather impact information? For Part C, TN decided early in the process that there would be intensive stakeholder involvement. There could then be a community assessment on effects. Trying to "prove" the effect of a specific funding source is impossible. We can talk about the items purchased that we feel are good for kids and how they were used the best we could. That is the only accurate way to talk about impact.

4. (Diana's group)
   a. In the 1512 report, it is important to ask about claims for jobs created.
   b. Internal controls – how confident is the SEA in the result of a single audit of an LEA?
   c. Ask a state if they made any changes in procedures of monitoring.
   d. Use of funds – there is a huge focus on infrastructure – what can be purchased.
   e. How will some of this be used?

5. (Daniel's group)
   a. What's the ongoing process for checking to see the LEA's level of understanding – refreshing its information?
   b. What process is in place to help LEAs with their processes?
   c. What are states doing to focus on educational outcomes and not just compliance?

States have expressed concerns to ED about the big increase in fiscal monitoring of subrecipients. ED wants to discuss with those at this meeting what ED should be doing on this issue. There is no one right or wrong way to conduct subrecipient monitoring. What local resources that are IDEA specific do states need to see? What would be helpful for OSEP to provide? Tools? Leave it up to states? This afternoon we want to discuss TA from ED that states feel is needed.

1:00 pm Nonoverlapping topics:

Part B: MOE, Excess cost, Subrecipient monitoring

Part C: Policies and procedures related to financial matters and non-supplant (MOE), Early Intervention Services program monitoring

Discussion Questions:

- What agencies/personnel should be involved in the ARRA Monitoring Inventory (AMI) review process?

- What additional documents should be required (in the 'Documentation Required' section) for OSEP to review that is not mentioned and that would provide evidence that the state has met the specific requirement(s)?

- What additional 'probes' should OSEP ask to collect complete information regarding the specific requirements?

Share the broad categories of the matrices for State to LEAs (Part B) and program (Part C) monitoring (basically the regulations).

Matrices:
Part C (Monitoring of EIS Programs) and
Part B (Subrecipient Monitoring of LEAs)

Notes from Part B meeting

This discussion will be about Part B specific issues: MOE, excess cost and subrecipient monitoring. What mechanisms are states using to track these issues?
  WI and North Central Regional Resource Center have put their calculators for various parts online.

MOE: If we have a new school such as a charter school, it has no MOE because it has no prior expenditures. Whatever they spend the first year becomes their base. There is a base that it has to use (average in the district). IDEA funds can be used for excess funds above that amount per pupil. Example: $8,000 for a general education and $9,000 for a special education child. The schools has to spend $8,000 from local funds and can use IDEA for $1,000 because that is excess cost. What is excess cost? How long is "reasonable" [time] that a state has to give before it takes IDEA funds back and redistributes them? Are states supposed to include the costs for general education as well as for special education? Some states do and others do not.

Becca will get a correct answer specific to charter schools. OSEP will work with the Charter School Office and get information out.
Becca: The answer is no. Do not count general education funds – only the special education funds.

MOE (pg. 9 & 10 of 20 in packet)
  Probe a: change most recent calculation of support from "provided" to "made available."
How are other agencies informed about the funds that Medicaid expends on the part of students with disabilities for IEP/IFSP services and the need to collect this kind of information and make it available? Who tracks them to IEP/IFSP? States have asked about this and are told that they have to be able to make a reasonable estimation of this figure. States need to come up with a methodology that an auditor will consider reasonable. What about students in psychiatric placements who don't have IEPs?
  Complication of Coordinated Early Intervening Services (CEIS) funds – LEAs have 30 months to expend it. This is a complication.

Probe b: It would be helpful for the state to know how the federal government will view the state's response. The SEA does not make the decision about how the state will restore funding if it was given a waiver. This is not applicable for states that have not asked for a waiver and those who did would have given that information in the waiver documentation.

We are skipping excess costs because that will probably be eliminated from this review.

Subrecipient Monitoring (Pg 16 of 20) - Probes
SEAs must monitor each program, function or activity. How are SEAs monitoring LEAs to ensure compliance with federal requirements? Are assurances checked out?
Auditors do not monitor all federal programs under A133 audits. Reviews will not rely solely on results of that single audit that looks at ways the state makes such checks. But, maybe a question should be added asking the SEA if its LEAs' single audits include special education?
Probe b. How could the SEA "ensure" what the LEA "will" do? Can't do that before the fact?
EDGAR imposes a requirement that subrecipients be monitored.
School districts do not have the resources to find ways to audit programs such as those that are never included in the A133 audits because they are too small.
ED should put out a manual on what is and is not allowable and embellish it with enough detail to make everyone's job easier in the monitoring requirements. Make a clear list of what is not allowable and on what basis could different funds be used for different types of items. Problem of constructing such a list, e. g., variations in costs by area.

Subrecipient Monitoring Matrices

Last year, the audit resolution team worked on a document to put in one place the requirements to be checked in monitoring subrecipients. The IDEA Part B Subrecipient Monitoring matrix covers each area for the requirement, the citation and evidence (what information will be reviewed). There are two versions of the document in this section. The first is detailed (16 pages). The second one is a simplified version of the first one (7 pages). Then, the third part of this section contains a "Suggested Part B Subrecipient Monitoring Components" list of the requirements in EDGAR, OMB Circular A-133, OMB Circular A-87 (6 pages).

How can fiscal monitoring get done? Special education program staff do not conduct fiscal monitoring. A-133 audits look at the general stuff such as internal controls, etc. Could there be some monitoring of specific IDEA fiscal areas? Would that be enough? Would that be reasonable? The EDGAR regulation says there is an affirmative responsibility for the State to do something.

Tennessee has monitors that do both program and fiscal monitoring. They are in the program office, but they do not provide TA.

The key to ensuring that monitoring is appropriate is to establish indicators under risk management. When an LEA reaches a certain point on a factor, that triggers a monitoring visit. A risk assessment is the best basis for ensuring compliance.

States need to know what their exact responsibilities are for fiscal audits. The matrices are an attempt to answer that question by outlining what the requirements are. That does not get to the issue of whether the A133 audit meets the requirements.

ED can't ever say whether the A133 audit will meet requirements because many states have districts that never have such an audit because they are too small.

See AGA "Financial and Administrative Monitoring Tool" in the notebook.

There are so many demands on compliance and auditing, there is no time for TA or helping students, which should be the major focus.

Is there more to say about these issues? What more can the RAFers do from a practical perspective? What tools can they provide to help meet the requirements for subrecipient monitoring?

Matt and Dan: In order to make the most efficient use of time, they have decided to break this Part B group into three small groups to discuss the three versions of the Part B subrecipient monitoring as well as the AGA Financial and Administrative Monitoring Tool in the Notebook. What is needed in the way of other tools? Then, the groups will report out tomorrow morning.

One of the groups:
Started with a review of the three versions of the Part B Subrecipient Monitoring (Fiscal). It was agreed that the second one (bulleted version of the first longer document) is the best version.

A crosswalk between this and audit A133 requirements would be helpful.

<u>Notes for the Part C meeting</u>

What agencies/personnel should be involved in the ARRA Monitoring Inventory (AMI) review process?

- Given that every state will be different, similar to morning discussion:
  - <u>roles</u> and types of questions are more important than specific agencies/people common roles for all states.
  - each state has multiple agencies.

- Recovery Act people - OSEP should have probe questions for Part C. Coordinators invite the right people.

What additional documents should be required (in the 'Documentation Required' section) for OSEP to review that are not mentioned and that would provide evidence that the State has met the specific requirement(s)?

- Financial Matters
  - OSEP review state's policies and procedures for each state prior to asking for other information.
  - OSEP homework - Data system, payment structure and other organizational structure for each state.
- Rethink.
- "Documentation" (Nonsupplant MOE)
  - Interagency Agreement (IA) or MOA could be documents
- "EIS Program Monitoring"
  - When ask for five copies - perhaps ask for minimum of ___ copies and a percentage

- Information on contracts should be found earlier in discussion
- Internal audit reports?
- Talk to resolution officer about findings (both positive and negative)

What additional 'probes' should OSEP be asking to collect complete information regarding the specific requirement?

- Financial Matters MOE, EIS Program Monitoring.
- Clarify that these are state-level not local-level questions.
- OSEP must review policies/procedures for state before requesting other information.
- Rethink placement of probes - ask about/know about organizational structure before monitoring others.
- "Probes" (Nonsupplant MOE)
  - Budget versus expend - clarify in documentation 'Appropriations.'
  - Provide TA to lead agency about MOE - what it means for Part C and the gray area - allowable exceptions.
- EIS Program Monitoring
  - Move contracts, cash management, etc. to earlier in discussion (e.g. 1512 reporting).
  - Findings from internal audits?

Day 3

Diane and Matt:
  Part C meeting: We received many suggestions for additions and clarifications of the tools from the group yesterday. We talked about state examples and that is a valuable part of your contribution to this process.

  Part B meeting: We received some feedback on the probes and moved quickly into a discussion of subrecipient monitoring. It provoked a lot of discussion and questions. It raised some big issues about responsibility for subrecipient monitoring and the relationship of that to A133 audits. That is a big issue. It was suggested that we should provide a crosswalk between A133 audits and the subrecipient monitoring. We heard varied opinions about what type of monitoring should be done by the SEA including fiscal staff versus program staff monitoring.
  Marcia: We saw some usefulness of the tools but an overarching concern that if OSEP developed that tool and made it available, would it eventually be required for use? If it came through a TA center, states would be more likely to embrace it because of the mandatory aspect of OSEP issuance. Also, it was suggested that the specific items be identified as either compliance (required) or just good practice and not necessarily required. The prioritization would help because of the need to make best use of personnel. Some compliance issues are more meaningful and we do this kind of differentiation in IDEA monitoring. We review a smaller amount of data to make a decision about the need to go into a more in-depth review of that district. Some indication of the areas that states should prioritize will make the process more successful. Having tools is useful so that we don't all reinvent them.
  OSEP: Finding ways to make that kind of risk-based assessment has been talked about before. We have to have approval from the counsel's office to see if we can do this.
  The Department is not requiring any specific monitoring method. Just because we create a tool does not necessarily mean we will ever require it. How do you do this approach in the states?
  Internal controls and maintenance of records have been identified as two areas of concern that need more in-depth review.

Wisconsin staff thought the matrix is a tool that is way beyond any use by LEAs – it is too extensive.

The A133 audits are after-the-fact. This process would be done while things are still in process and should be more useful.

Washington- People have different comfort levels with fiscal issues as we have seen in our districts. Those more comfortable with program issues are reticent when faced with fiscal issues. Procurement and time and effort are the two issues we have identified now. We would like to get to these before they eventually get an A133 much later. We hope the documents you are creating will help us to do that.

A type of "fiscal monitoring for dummies" would be tremendously helpful – done in modules such as 'excess costs,' 'subrecipient monitoring,' etc.

The materials in the webinars are an attempt to go down that road.

The RRCs have a propriety team on ARRA issues and they will be developing assistance as well.

The idea of a TA center for fiscal monitoring came up – a source of informational resources and having someone available to provide TA.

Illinois and Missouri – we noted in the document packet some suggestions on the subrecipient monitoring tool.

Diane: let's take from both B & C lenses and review what you found yesterday:
- One issue was noncompetitive proposals – sole source grantees. We have never had a request for this from any LEA in the past. (p. 6). The state may have its own sole source requirements - EDGAR says that the state rules should be used as long as they are consistent with EDGAR. If the state does not have any sole source provisions, it defaults to EDGAR. In Part B, that would be part of the contracting state.
- Cost and price analysis – some states have joined regional consortia. Would the state have to do the analysis if it is part of a consortium or would it be done through the consortium? The language in this section says "must" and maybe it could be "may." A bulleted list would also be helpful.
- This is not an LEA training tool. It is intended to tell the state what the requirements are. A state may want to show the LEA what is required.
- Section 1836 of the statute does not apply to small purchases below $100,000. If LEAs are making large purchases, all the extended requirements apply.
- Information about this would have value on the front end so that it could be used preventively.
- Another point on the A133: it should be looked at to see what type of TA would help states and LEAs understand what it covers and how it should be incorporated into the process.
- Washington – We have a shortage of therapists and some LEAs contract with private agencies for services. A risk issue for them would be procurement procedures and sole source requirements because the contract amount may get very large. The need to allocate costs to different funds may also raise risk factors. Small districts raise somewhat different issues because they are centralized; they raise different risk issues than large districts. Funds used for CEIS raise risk factors because the money is going out of special education. Whatever documents are created must include some concrete examples that have different factors involved and help to make the requirements clear.
- Should ED create something like the AGA document? That kind of formatting is useful for LEAs to provide information to the state. One alternative to ED creating such documents is for ED to provide links to state documents that already exist.
- TA documents should not be too detailed – state staff would not have the time to read every single requirement in every law. So what ED should give states should be

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simple and prioritized, not voluminous because the reality is that people will not look at it.

- Becca: Legal risk is the defining criterion – there's inherent risk in not being comprehensive.
- State: But, there is just as much risk if there is too much information and it is not read.
- Becca: 100% compliance is what it is – there is no room for a lower criterion.
- Could ED put out a comprehensive document and then another document that highlights issues that are most common and need priority during a review?
- OSEP has already done prioritizing. A state should take on the responsibility to ensure that a fiscal system of tools is in place and each state's would be different.
- SEAs need tools that remind us of what is required and then each state will develop tools based on its own systems.

Final Wrap-up:

OSEP has received a lot of information and will get more from the notations participants have made in the document packets.

Further comments?
For the monitoring tool, why is there an issue of a shortened document that becomes a required monitoring tool?
Responses:

    a. Because of experience, we are concerned about TA tools becoming requirements.
    b. Since there will not be any dollars from ED tied to using a required document, it is not a good idea for OSEP to do that.
    c. States are limited in their ability to take on new tasks with no additional resources for administration of IDEA.
    d. A state could mandate that its LEAs use a specific form or procedure.

I would like to see follow-up on specific topics as the tools start to get used.

    e. The ED risk management services have sponsored a series of webinars that are ED–wide, but are related to this work.
    f. ED will send out the links to those webinars and the related resources.
    g. IDEA staff should consult with ESEA staff in their states to be sure they know about all the activities related to these topics.

Evaluation of the meeting process:
Comments:

- Getting the materials only after we got here and not in advance is somewhat of a problem. We should have had a run-through of the material before the discussion started of what we thought should change.
- Sharing with other states who can relate to the pressure I feel helps.
- I just don't like the way ED comes in with a "gotcha" attitude. We are in an unprecedited deficit. I like that you kept saying the ED does not intend to use this as a tool to identify what is bad about my state.
- My intent is to do with these funds what is intended, but we are not perfect – I could wallow in misery with others who know my feelings.
- Maybe OSEP could work with the IG to use a less confrontational approach and come up with a set of tools to address the most common problem areas.
- I was a data management person – it would be beneficial for these conversations to continue and for us to know who we could call to get answers to our questions.

- It would be great if you wrote to the commissioners of the states who came here to thank them for allowing that participation. It is very difficult to get a face-to-face meeting, but they are very valuable.
- Maybe a TA meeting like this could be made mandatory. Regular fiscal meetings at a national level create a sense of urgency for these issues and the importance of state presence in such events.
- We had the opportunity to express our opinions and it was a great forum.
- Organization of the meeting – some difficulty hearing in the large group for the table talk segments.
- Could have had different groups work on different parts of a document and then the small group could share their impressions and recommendations with the whole group.
- I appreciate bringing the varied group from states together with ED staff.

APPENDIX A
Participant List and Agenda

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very lowParticipant Agenda

America Recovery and Reinvestment Act Principles:
- Procedures are in place to ensure grantees and other recipients of IDEA ARRA funds can demonstrate accountability and transparency.
- Proper controls are in place and grantees and other recipients understand the ARRA requirements.
- Funds reach the intended recipients and achieve results.
- Procedures are in place to ensure that instances of fraud, waste or abuse of funds are promptly identified and mitigated.

Expected Forum Outcomes:
- State staff will be introduced to OSEP's proposed ARRA monitoring procedures and protocols.
- State staff will be introduced to OSEP's proposed subrecipient/early intervention services providers monitoring tools.
- OSEP will receive feedback from state staff on proposed procedures, protocols and tools, based on firsthand experience.

Wednesday, September 15th:
5:30 p.m.   Arrival and Networking with other states
5:45   Welcome from OSEP and NASDSE
6:00   Dinner served
6:30   OSEP spotlights key ARRA fiscal monitoring issues
                   and Q&A
7:30   Project Forum overview of Agenda

Thursday, September 16th:
8:00   Continental Breakfast
8:30   Large Group: Priority Areas Part B and Part C
9:00   Table Talk: Overlapping B&C priority areas (guiding questions)
10:15   Break
10:30   Table Talk: Continue Overlapping priority areas
12:00   Lunch (together)
1:00   Split into Part C and Part B groups:
                   B: Subrecipient Monitoring of LEAs   C: Monitoring of EIS
                   Programs
3:30   Large Group: Share Comments, Concerns, Questions
4:30   Review work for tomorrow
5:00   Adjourn for the day

Friday, September 17th:
8:00   Continental Breakfast
8:30   Separate Priority Areas, Part B and Part C
10:45   Break
11:00   Large Group: Share by Priority area or cluster of priorities
12:00   Adjourn

Table 1:

What agencies/personnel should be involved in the ARRA Monitoring Inventory (AMI) review process?

Maybe all people should be involved in ARRA should be available for each priority area.

- 1512 Reporting
    - Internal auditor
    - Governor's Office and/or centralized office
    - Data entry person

- Obligation & Liquidation
    - Fund and disbursement person/Fiscal Department
    - Proposal reviewers/Budget reviewers
    - Internal auditor
    - People who can provide checks and balances

- Internal Controls
    - Auditors - External assurance

- Use of funds
    - Internal/external auditors
    - budget people from state system
    - Programmatic people

What additional 'probes' should OSEP be asking about to collect complete information regarding the specific requirement?

A. 1512 Reporting
    - Part B - who reports? Recipients or sub-recip
    - Part C - Every agency does own and state can extract and review and report at ed.gov, but EIS don't report individually
    - Are you centralized (state level)/decentralized (various agencies submit) or in between (various agencies report to a state entity and state reports to feds)?

B. Reimbursement state will be able to answer
    - Other answers would include trainings, memos
        - must be able to trust LEA and they sign off
        - monitoring/auditing is after the fact

C. D & E are Okay. Maybe ask if state has provided info - not a data verification question

- Job creation 'probes'
    - Vendors/Jobs - how to accurately calculate/'guess' whether amount is feasible?
    - Should states look at LEAs to see if #s are feasible?
    - Jobs 'created' is not what state looks at - look at "funded jobs" per OMB rules that were changed (SFSF) "worked & funded" wording is problematic because

teachers don't always work 12 months. OMB requires quarterly reporting so 1 FTE reported 4x looks like 4 FTE.

- Liquidation (Dispersed is a better word than expended or liquidated) - ?3 separate lines?
  - Mirror B obligation questions on C (ones that aren't)
  - Clarify 'Doc Required: ARRA Reporting' is an OSEP doc. not from state

- Part C split out obligation and disbursed for clever explanation

- Internal Controls 'Probes'
  - Part C is not grammatically correct letter B - take out 2nd "ARRA"
  - Audit findings - findings addressed?
  - Two separate questions
  - Letter a - Obligation and disbursion (sp?)
    - 'Use of funds' isn't state level, but asking them/state so add 'Local' or take out 'Use of funds'

- Use of Funds
  - Focus on all purchases not only infrastructure and equipment
  - Needs to be broader than infrastructure
  - Consistency of probes across ED offices
  - Excess cost issues

- MOE
  - Define 'State financial support' - approp or disbursements?

What additional documents should be required (in the 'documentation required' section) for OSEP to review that are not mentioned and that would provide evidence that the State has met the specific requirement(s)?

- 1512 Reporting
  - Don't duplicate GAO or OMB site visits or other work
  - Collect a ideal sample
  - Reasonableness
  - Collect DUNS, CCR compliance/funds suspended/frozen acct expiration, and Vendor info

- Obligation/Liquidation
  - Disbursement info
Obligation (in application) info

Table 4:

What additional documents should be required (in the 'documentation required' section) for OSEP to review that are not mentioned and that would provide evidence that the State has met the specific requirement(s)?

- Documents should include plans and FTE Reports
- Validation process

What agencies/personnel should be involved in the ARRA Monitoring Inventory (AMI) review process?

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1512

- State would determine based upon probing questions
    - Consistency in reporting
    - Program specific validation (state procedures?, moving target) → Part B
    - Documents
        - plans
        - FTE Reports

- Respond to 1512
    - Program need receipt

- FTE issues reporting
    - Retention> (what were
    - creation > the barriers?)
    - Discrepancies in reporting - process
    - State furloughs/ local furloughs - process

- Barriers for state must be identified

Monitoring #2 & #3

- What funds have been obligated? versus drawn down
- State procedures differ
    - Program: Audit - single (who does that include?)
    - Program: LEA-SEA
    - What are ARRA audit expectations?
    - How communicated?

Ask:

- Has a state made a significant change fiscally during this period? That could impact - MOE audit?

Monitoring #2 & #3

- How will this tie to determinations?
- What does audit resolution look like in state, fed?

Part C:

- Infrastructure → use Part B

Fraud/Waste:

- Remove/revise probe
- ARRA requirement for Inspector General response
    - What is the state's procedure to forward instances to Inspector General?

Table 5:

What agencies/personnel should be involved in the ARRA Monitoring Inventory (AMI) review process?

- IDEA Program and fiscal people
- ARRA Reporting Personnel
- Data Personnel (IDEA)
- Accounting Section
- State Auditors
- Contracted Fiscal Monitor (IDEA)
- Local Auditors (LEA)
- Capital Expenditure Team - pre-approvals

What additional documents should be required (in the 'documentation required' section) for OSEP to review that are not mentioned and that would provide evidence that the State has met the specific requirement(s)?

- Review web LEA reports (Part B)
- State Accounting system - vendors only (Part C)

What additional 'probes' should OSEP be asking about to collect complete information regarding the specific requirement?

- What is the ongoing process? TA for LEAs
- What is in place to ensure State is responsive to LEAs?
- What is state doing to ensure improved educational outcome for SWD?