



MISSISSIPPI DEPARTMENT OF EDUCATION

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# IDEA Part B Fiscal Monitoring Procedures

2020

# Fiscal Monitoring and Support

The Mississippi Department of Education (MDE) Office of Special Education (OSE) is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of funds including Individuals with Disabilities Education Act (IDEA) Part B Sections 611 and 619 subgrants. Administrative responsibilities include the general supervision requirements of the IDEA, as well as program and fiscal monitoring and support for subrecipients as required by federal and state statutes and regulations. These policies and procedures ensure the oversight, evaluation, and monitoring of each Mississippi local education agency (LEA) and any other subrecipient.

The federal regulations that require and give MDE authority under which the MDE OSE monitors for fiscal accountability and compliance include:

- Title 34 Code of Federal Regulations (34 CFR) Part 300 Individuals with Disabilities Education Act (IDEA)
- 34 CFR Part 75-77 Education Department General Administrative Regulations (EDGAR)
- 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 2 CFR Part 3474 Uniform Administrative Requirements, Cost Principles, and Audit Requirements (as adopted by U.S. Department of Education)
- 2 CFR Part 180 – OMB Guidelines to agencies on Government-wide Debarment and Suspension (non-procurement)
- 2 CFR Part 3485 Non-Procurement Debarment and Suspension.

## *Fiscal Monitoring System Activities*

The MDE OSE implements a risk-based fiscal compliance and accountability system to ensure compliant LEA processes, procedures, and practices and the allowable use of IDEA Part B flow-through and discretionary grant funds. The system includes three differentiated levels:

- (1) Universal Monitoring,
- (2) Targeted Cyclical Monitoring, and
- (3) Intensive Risk-Based Monitoring.

### ***Universal Monitoring***

Each LEA is monitored annually as part of the MDE OSE review and approval of its IDEA project application and budget submission in the Mississippi Comprehensive Automated Performance-based System (MCAPS) demonstrating eligibility for IDEA Part B grant awards. In addition to the required assurances at [34 CFR §300.200](#) and evidence that the LEA is meeting select assurances, the application includes detailed budgets for IDEA Part B Sections 611 and 619 Funds. Separate program and budget plans are required for Coordinated Early Intervening Services and parentally placed private school students.

Each application is reviewed for completeness as well as compliance with the grant guidelines. An LEA that does not submit a complete, compliant application is not eligible for IDEA Part B Sections 611 and 619 funds. Applications are reviewed and approved by the MDE Special Education District Contact, MDE Special Education Supervisor, and MDE Special Education Director. Subrecipients are notified of any required revisions to the application, the eligibility decision, and the final award through the MCAPS system.

Under [34 CFR §300.227](#), if an LEA has not provided the information to establish eligibility, elects not to apply for IDEA funds, or is unable to establish and maintain programs of FAPE that meet the requirements of IDEA, MDE must use the IDEA funds that would have been available to that LEA to provide special education and related services directly to children with disabilities residing in the area served by that LEA. Each LEA that does not establish eligibility will also be subject to the intensive monitoring described in these procedures and will be referred to the Office of Accreditation for review.

Each grant award issued by MDE is subject to terms, conditions, and/or assurances that include compliance requirements, federal regulations, and audit requirements applicable to the grant award. Ongoing monitoring for allowable use of funds continues throughout the year. All funds must be expended in accordance with the budget approved by MDE OSE in MCAPS. Budget change requests to an award must be submitted through a revision to the original application in MCAPS. Budget or project amendments must be reviewed and approved by the MDE Special Education District Contact and MDE Special Education Director. Changes must be consistent with grant guidelines. If authorized by program regulations, transferring funds between available allocations must be authorized by MDE and will require an updated budget.

In addition, MDE monitors each LEA regularly for the timely expenditure of IDEA funds to ensure that funds are used within the period of performance and that both MDE and its LEAs are following the first in, first out principle and spending down prior years' awards prior to spending down newer awards. If MDE finds that an LEA is expending its IDEA funds at a rate that will result in the LEA lapsing funds or that the LEA is drawing down newer funds before expending older available funds, the OSE contacts the district to provide technical assistance and take necessary actions to ensure funds are expended including:

- Requiring the LEA to submit a written plan for timely expenditure of available funds;
- Requiring the LEA to review non-performing balances (identified by OSE) from older grants and move the funds into an active cost category through the revision process;
- Requesting the LEA to request a transfer of costs from a newer grant year to an older available grant year;
- Directing the use of remaining IDEA funds to address the noncompliance or complete the corrective action, for LEAs with outstanding noncompliance or corrective actions plans,;
- Returning IDEA funds to the state for reallocation to LEAs who need additional funds to provide special education and related services, for LEAs who are adequately providing FAPE.

For more information, see the Monitoring Expenditure of IDEA Funds section in the IDEA Part B Funding Manual.

### ***Targeted Cyclical Monitoring***

MDE conducts targeted cyclical fiscal monitoring on the same 5-year cycle as OSE's targeted programmatic monitoring and self-assessments. Targeted Cyclical Monitoring ensures that the MDE OSE Fiscal Team monitors each LEA and subrecipient for IDEA Part B Sections 611 and 619 funds at least once every five years according to a set cyclical sampling schedule. The sample of LEAs identified for cyclical monitoring in a specific year is referred to as a cohort. Each LEA selected is monitored through a desk audit and/or an onsite visit that consists of a review of LEA documentation regarding budget expenditures and program implementation.

LEAs are organized into cohorts by LEA type (regular school district, LEA charter school, or educable child facility) and financial data including each LEA's MOE amount and the size of its IDEA Part B section 611 award to ensure a representative distribution of LEAs across cohorts.

Cyclical monitoring occurs each spring, from January to May. Each LEA cohort is notified by November 30 of the upcoming desk audit. By December 15th each year, MDE holds a training for the LEAs selected for cyclical monitoring. Each LEA cohort is divided into 4 subgroups to participate in a desk audit in January, February, March, or April. Each LEA is notified 45 days prior to its scheduled desk audit and is required to submit requested documentation to MDE on the day of the scheduled desk audit.

### *Desk Audit*

The purpose of the desk audit is to ensure that each LEA has internal controls in place to ensure special education expenditures are compliant with federal and state statute. The desk audit includes an MDE OSE review of files submitted by the LEA including, but not limited to:

- budget or expenditure reports;
- time and effort documentation;
- documentation related to specific areas including use of funds set aside for CEIS or the provision of equitable services to parentally placed private school children, where applicable;
- written, board-approved, fiscal policies and procedures;
- additional fiscal data submitted requested by OSE;
- sub-award letters, contracts, files, documents, and related correspondence; and
- audit reports, as necessary.

### *Interview and Additional Information*

Targeted Cyclical Monitoring may also include follow-up interviews, onsite visits, or requests for additional information based on the review related to any policies, procedures, or practices that are found to be inconsistent with state and federal regulations.

Based on its risk assessment and review of LEA information MDE OSE may also identify an LEA scheduled for Targeted Cyclical Monitoring to participate in Intensive Risk-Based Monitoring as necessary. If an LEA is selected for Intensive Risk-Based Monitoring in the same year it is scheduled to participate in Targeted Cyclical Monitoring, the two activities will be combined.

### ***Intensive Risk-Based Monitoring***

Each year, prior to December 15, the MDE OSE completes a fiscal risk assessment for all LEAs and other subrecipients of IDEA Part B Sections 611 and 619 funds to determine their potential risk of noncompliance.

LEA and subrecipient risk is calculated based on the following indicators:

- Did the LEA fail the LEA MOE compliance test?
- Has the LEA Special Education Director been in the position for three or fewer years?
- Has the LEA Business Manager been in the position for three or fewer years?
- Did the LEA miss the LEA MOE submission deadline?
- Have any other offices alerted MDE OSE of potential risks in the LEA (crosscheck OFP findings)?
- Is the LEA in a special financial status (Conservatorship)?
- Does the LEA receive within the top 10% of IDEA allocation amounts?
- Did MDE OSE identify noncompliance on the most recent desk audit or monitoring visit

for the LEA?

- Did the LEA return (lapse) significant unspent funds?
- Does the LEA have unresolved findings from its most recent single audit (external audit)?
- Has the State placed special conditions on the LEA's award?
- Has it been more than 7 years since the LEA last received a desk audit or onsite monitoring visit related to fiscal?
- Did the LEA have a large IDEA Section 611 carryover balance in the previous fiscal year?
- Did the LEA have a large IDEA Section 619 carryover balance in the previous fiscal year?

LEAs receives partial points on a sliding scale for each indicator. The sum for each LEA is then calculated to produce a percentage (total LEA points/total possible points). Based on the annual risk assessment score, each entity will be classified into a risk category, with cutoffs established based on the annual review of the data and MDE OSE capacity for intensive monitoring, using the following as a guideline:

- Low potential of risk: Below the 50<sup>th</sup> percentile
- Medium potential of risk: Between the 50<sup>th</sup> and 95<sup>th</sup> percentiles
- High potential of risk: Above the 95<sup>th</sup> percentile

The 5% of LEAs with the highest risk scores are categorized as "high risk." While MDE does not make risk assessment scores publicly available, MDE OSE will send each LEA its final risk score.

The MDE OSE initially conducts a virtual desk audit to inform the focus of the onsite Intensive Risk-Based Monitoring in each LEA. Each selected LEA will receive a notification letter at least 60 days prior to the onsite visit with an overview of the site visit protocols and request for document submission 45 days prior to the onsite visit. Visits will occur between February and May of each year.

If an LEA is selected for Intensive Risk-Based Monitoring for two or three subsequent years, the MDE OSE will determine, based on the status of the LEA's previous monitoring, whether additional onsite monitoring is necessary. If the MDE OSE determines additional monitoring is not necessary because it did not identify noncompliance during the previous monitoring visit or the LEA corrected each finding of noncompliance, the MDE OSE will select the LEA with the next highest risk for monitoring. If the LEA has been identified as high risk for four consecutive years, the MDE OSE will conduct an onsite monitoring visit.

MDE OSE may also identify an LEA from the medium or low risk categories for onsite monitoring based on significant audit findings or other information indicating that monitoring is necessary.

#### *Preparation for Onsite Monitoring*

By January 15<sup>th</sup> each year, MDE will hold a training for LEAs selected for Intensive Risk-Based Monitoring. The MDE OSE will provide each LEA the intensive monitoring protocol to prepare for onsite monitoring including: a list of requested documentation on purchases and other expenditures, requested interviews with LEA special education and business administration personnel, and a list of files to be audited.

#### *Onsite Monitoring*

Intensive Risk-Based Monitoring consists of, but is not limited to:

- Entrance Meeting – The MDE OSE team provides a description of the scope and purpose of

the monitoring, requests additional information from the SEA, and verifies that information required to complete the monitoring visit is available at the site.

- Interviews – The MDE OSE team interviews staff involved with IDEA Part B grant activity (specifically business managers and special education directors).
- Detailed Document Review – The MDE OSE team conduct a detailed review of:
  - Fiscal records for compliance with IDEA Part B Sections 611 and Section 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
    - Adherence to contract requirements and instructions for purchases
    - Documentation of contract awards
    - Procedures for the prevention of conflict of interest
    - Property Management
  - Financial Management Procedures and Practices
    - Standards for financial management systems
    - Fiscal controls and accountability
    - Record retention
    - Allowability of costs
    - Fiscal Records such as cash receipts journal, cash disbursement, payroll journal, general ledger, bank reconciliation, accounts payable, purchase orders, cost allocation plan
    - Source documents such as timesheets, vendor invoices, travel reimbursements, petty cash, canceled checks
  - Payments for program activities such as travel, training attendance
    - Justification for the need of activities (which may include agendas, training attendance records, documentation of miles traveled, receipts, etc.)
    - Pre-approval by MDE of out of state travel using IDEA Part B funds
    - An invoice or receipt for payments received (itemized and dated) for the supportive service
  - Record Keeping Procedures and Practices
    - Records must be retained for a minimum of 6 years from the date that funds are made available to LEAs
  - Property Control Records
    - Property purchased with IDEA Part B funds shall be tagged and used for the purpose of serving student with disabilities
    - Building and facility rentals funded with contract funds is being used for project proposes and is adequate
    - Verification of prior approval, where applicable
    - Conduct a random check to determine if proper care and attention is being given to the maintenance, repair, and protection of federal property



- Verification of Practice – The MDE OSE team may visit schools and classrooms to verify purchases and allowable costs including the review of personnel and verification of time and effort reporting.
- Exit interview – The MDE OSE team will hold an exit interview with the appropriate LEA or subrecipient staff when the monitoring visit is completed. Problem areas will be discussed in general terms.

## *Monitoring Report*

A monitoring report with findings and items for improvement will be sent to each LEA within 60 days of the completion of the desk audit or onsite visit and a copy of the report will be filed in the master fiscal monitoring folder. MDE OSE will schedule a follow up call with each LEA to review the report. The report will state the objectives, scope, and methodology of the monitoring and will clearly state findings, recommendations, and whether and on what timeline corrective action is required. Findings will contain a statement of criteria (regulation, directive, or contract clause etc.), the condition found or reason for the finding of noncompliance and required corrective actions and evidence for verification of correction. Each finding of noncompliance must be corrected in a timely manner and in no case greater than one year from the date of the monitoring report. Depending on the extent of noncompliance, LEAs may be required to submit a detailed corrective action plan including specific steps and an associated timeline to be taken to resolve noncompliance and implement internal controls. If the review of risk reveals material weaknesses in internal controls, an improvement plan will be developed.

## *Verification of Correction of Noncompliance*

The MDE OSE will consider all findings resolved only after the subrecipient has provided sufficient evidence that corrective action have been fully implemented and evidence of correction (e.g., repayment, a revised budget, compliant procedures, evidence of compliant implementation for a period of time following the identification of the finding). At such point, a closeout letter will be issued to the subrecipient within 30 days stating that all findings have been resolved.

## *Enforcement Mechanisms*

Each LEA must respond in writing to all fiscal monitoring findings according to the timeline described in the fiscal monitoring report. If an LEA does not respond or take action to correct identified noncompliance within a reasonable time, as required by the monitoring report, MDE OSE will take additional actions to ensure correction. MDE OSE will also impose sanctions if an LEA has not corrected the noncompliance within the timeline agreed upon. Sanctions may include:

- Increased reporting requirements
- Additional onsite monitoring
- Special conditions on the LEA's IDEA subgrant awards
- Direction of the use of or withholding IDEA funds

## *Fiscal Technical Assistance*

The MDE OSE provides differentiated technical assistance to LEAs and other IDEA Section 611

and 619 subrecipients to address identified needs.

### ***Universal***

The MDE OSE provides technical assistance to ensure that all IDEA subrecipients comply with applicable federal statutes and regulations including the uniform administrative requirements and cost principles for federal awards provided 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 and includes face-to-face and virtual trainings, training materials, state guidance, and procedural documents. The topics of universal technical assistance are decided upon based on a review of common questions from LEAs and a reflection on common findings made during monitoring activities.

### ***Targeted***

The MDE OSE provides targeted technical assistance to each LEA during the annual submission of the grant application and in preparation for and as follow up to Targeted Cyclical or Intensive Risk-Based monitoring to ensure compliance and corrective action on part of the LEA. Targeted technical assistance is provided until all findings are resolved and improvement plans completed. Targeted technical assistance is also provided at the request of the LEA through researching and responding to fiscal questions, providing training, and developing templates and resources.

### ***Intensive***

The MDE OSE provides intensive technical assistance to LEAs identified as “high risk” to ensure proper corrective action and compliance with federal and state statutes and regulations. At a minimum, MDE OSE holds monthly calls with each identified LEA and intensive technical assistance is provided until all findings are resolved.



# TARGETED FISCAL MONITORING PROTOCOL

## LEA and Reviewer Information

LEA or Subrecipient	
Funding Sources	
Date of Review	
Review Conducted By	

## Person (s) Interviewed or Contacted During the Review

Name	Title	Phone/Email

## PURPOSE

As a requirement of the Office of Management and Budget Uniform Grant Guidance, fiscal monitoring is conducted by the Mississippi Department of Education, Office of Special Education Fiscal Team, to ensure Local Education Agencies (LEAs) or sub recipients of IDEA subgrants are in compliance with Federal, State, and Local laws and regulations.

Monitoring efforts are conducted to assess and measure compliance of LEAs to grant rules and regulations in order to:

- Monitor activities to ensure grant funds are used for authorized purposes in compliance with laws and regulations,
- Assess organization internal controls to ensure reliable financial reporting and accountability, and
- Identify areas of noncompliance and recommend areas of improvement to improve administrative efficiencies and programmatic effectiveness.

# SECTION 1. COST PRINCIPLES AND EXPENDITURES

## Examples of Evidence:

- Revenue and Expenses Report or General Ledger – to include revenue, expenditures, and remaining balance
- Budget– to include budgets and may also include actual expenses
- Gross salary pay report by cost center – to include positions, names, and amounts
- Detailed Ledger– to include detailed expenditure transactions: type of expense, vendor name, date, and amount
- Budget Report for the previous year if the LEA is reporting carryover in the current year
- Accounting report by school identifying salaries & benefits for positions paid for with IDEA Part B 611 and 619 Funds
- List of all staff, including FTEs and funding sources
- Interview with the business manager, if needed
- Interview with the special education director, if needed
- Budget report for IDEA federal program to ensure alignment with budgets submitted during the submission of funding application

<b>Section 1. Compliance</b>	<b>Yes/No/NA</b>
1. Are expenditures and budgets tracked and reported separately per federal grant in the accounting system?	
2. Are expenditures used for allowable and approved activities?	
3. Were expenditures reported and requested through MCAPS on a reimbursable basis?	
4. Are expenditures supported by proper source documentation including, but not limited to, purchase orders (POs), original invoices, packing slips, cancelled checks, accounting journal entries, and other pertinent records necessary to facilitate the tracing of grant funds?	
5. Does the cost allocation of invoices match the LEA methods of cost allocation narrative?	
6. Does the agency ensure that the payment transaction references a PO, contractual agreement, or other prior approval?	

<p>7. Does the agency ensure that costs charged to grant funds were not also billed and/or reimbursed by other funding sources such as Medicaid?</p>	
<p>8. Expenditures selected for testing are:</p> <ul style="list-style-type: none"> <li>a. Necessary, reasonable, and allocable</li> <li>b. Conform with Federal law and grant terms</li> <li>c. Consistent with State and Local policies</li> <li>d. Consistently treated as either a direct cost or indirect cost</li> <li>e. In accordance with GAAP</li> <li>f. Allowable in accordance with IDEA 34 CFR &amp; and Uniform Grant Guidance 2 CFR Part 200 Subpart E</li> </ul>	

**Section 1. Findings**

**Section 1. Recommendations and Corrective Action**

## SECTION 2. TIME AND EFFORT

### Examples of Evidence:

- System of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated (i.e. signatures, periodical time and effort certification)
- Official records
- Documentation that reasonably reflects total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Documentation of both Federally assisted, and all other activities compensated by the District on an integrated basis
- Accounting policies and practices
- Documentation that shows support the distribution of the employee’s salary or wages among specific activities of cost objectives

<b>Section 2. Compliance</b>	<b>Yes/No/NA</b>
1. Charges to Federal awards for salaries and wages, including stipends, must be based on records that accurately reflect the work performed, salary distribution, and semiannual certification (2 CFR 200.430, 200.403(a))	

<b>Section 2. Findings</b>

<b>Section 2. Recommendations and Corrective Action</b>

## SECTION 3. IDEA FISCAL REQUIREMENTS

### Examples of Evidence:

Accounting record identifying distributions or payments for:

- Parentally Placed Private School Children
- CEIS
- Schoolwide program

<b>Section 3. Compliance</b>	<b>Yes/No/NA</b>
1. The LEA ensures that it accurately tracks and reports expenditures for maintenance of effort (MOE).	
2. The LEA ensures that it accurately tracks and reports expenditures related to proportionate share.	
3. The LEA ensures that it accurately tracks and reports expenditures for Voluntary Coordinated Early Intervention Services (CEIS) or Comprehensive (required) Coordinated Early Intervention Services (CCEIS) for allowability of costs and adequate internal controls.	

<b>Section 3. Findings</b>

<b>Section 3. Recommendations and Corrective Action</b>

## SECTION 4. FINANCIAL SYSTEM REVIEW

### Examples of Evidence:

- Copy of the LEA’s fiscal policies and procedures manual
- LEA cost center or cost allocation plan
- Inspect LEA budget vs expense report spreadsheets or accounting system output
- LEA chart of accounts
- Office of Grants Management indirect cost rate agreement letter
- Bank reconciliation report
- Accrual reports
- Salary distribution in accounting system

Please note that while highlighted items will not be included as part of the monitoring process, they are important aspects of internal controls and may be monitored in subsequent years.

Section 4. Compliance	Yes/No/NA
1. Does the LEA maintain a financial management system that accurately identifies the source and amount of funds awarded to them?	
2. Does the LEA have a method to compare actual costs to budgeted costs to ensure that programs are operating within their budgets?	
3. Does the LEA’s accounting system ensure that grant funds are not commingled with other funds or other grants?	
4. Does the LEA have a copy of their current approved IDEA Part B budget?	
5. Are budget modifications requested and approved prior to expenditure?	
6. Is the indirect cost rate used approved by OGM?	
7. Does the LEA perform monthly bank reconciliations?	
8. Is the LEA on a cash or accrual basis?	
9. If the LEA is on a cash basis, are year-end accruals supported by the general ledger?	



10. Does the LEA ensure the separation of duties for all accounting transactions? List the names and titles of the indicator(s) and approver(s) 2 CFR 200.303	
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**Section 4. Findings**

**Section 4. Recommendations and Corrective Action**

# SECTION 5. WRITTEN FISCAL POLICIES AND PROCEDURES

## Examples of Evidence:

- Evidence that the LEA has a funding manual that sets forth the policies and procedures used by the LEA to administer federal funds

Section 5. Compliance	Yes/No/NA
<p>1. Does the LEA have written policies and procedures in compliance with the Uniform Grant Guidance?</p> <ul style="list-style-type: none"> <li>• Cost principles 2 CFR §200. Subpart E</li> <li>• Procurement 2 CFR §200.318</li> <li>• Time and effort 2 CFR §200.430, 403 (a)</li> <li>• Inventory management 2 CFR §200.313</li> <li>• Cash management 2 CFR §200.305</li> <li>• Conflict of interest policy 2 CFR §200.319 (c), 318</li> <li>• Fiscal records are retained for a minimum of 6 years – 2 CFR §200.334 and MDE records retention policies</li> <li>• Separation of duties 2 CFR §200.303</li> </ul>	

Section 5. Findings

Section 5. Recommendations and Corrective Action

<b>Fiscal Monitoring Reviewer Signature</b>	<b>Fiscal Monitoring Reviewer Signature</b>

## LEA FISCAL RISK RUBRIC

Type	Indicator	Scoring
Qualitative	Did the LEA fail the LEA MOE compliance test?	Y = 6 N = 0
	Has the LEA Special Education Director been in the position for three years or less or are receiving intensive mentoring or support?	Y = 3 N = 0
	Has the LEA Business Manager been in the position for three years or less?	Y = 3 N = 0
	Did the LEA miss the LEA MOE submission deadline?	Y = 3 N = 0
	Have any other offices alerted MDE OSE of potential risks in the LEA? - Was the LEA placed on probation from accreditation in the last 3 years? -Did the LEA receive a determination of needs substantial intervention in the most current reporting period?	Y = 3 N = 0
	Is the LEA in a special financial status (Conservatorship, School of Transformation, Achievement School District)?	Y = 3 N = 0
Quantitative	Does the LEA receive within the top 10% of IDEA allocation amounts?	Tiered score: Top 1% = 6; 2-6% = 4; 7-10% = 2; less than 10% = 0
	Did MDE OSE identify noncompliance on the most recent desk audit or monitoring visit for the LEA?	Tiered score: 3+ findings = 6; 2 findings = 4; 1 finding = 2; 0 findings = 0 *If no data is available, the LEA will receive a 0
	Did the LEA return (lapse) significant unspent funds?	Tiered score: 90-100% = 6; 70-89% = 5; 50-69% = 4; 30-49% = 3; 10-29% = 2; 1-9% = 1; 0% = 0 points

	Does the LEA have unresolved findings from its most recent single audit (external audit)?	Tiered score: 3+ findings = 6; 2 findings = 3; 1 finding = 2; 0 findings = 0
	Has the State placed special conditions on the LEA's award?	Tiered score: Fiscal = 6; Programmatic = 3; None = 0
	Has it been more than 7 years since the LEA last received a desk audit or onsite monitoring visit related to fiscal?	Tiered score: 7+ years = 6; 4-6 years = 4; 1-3 years = 2
	Did the LEA have a large IDEA Section 611 carryover balance in the previous fiscal year?	Tiered score: 90-100% = 6; 70-89% = 5; 50-69% = 4; 30-49% = 3; 10-29% = 2; 1-9% = 1; 0% = 0 points
	Did the LEA have a large IDEA Section 619 carryover balance in the previous fiscal year?	Tiered score: 75-100% = 4; 50-74% = 3; 25-49% = 2; 1-24% = 1; 0% = 0 points

# INTENSIVE FISCAL MONITORING PROTOCOL

## LEA and Reviewer Information

LEA or Subrecipient	
Funding Sources	
Date of Review	
Review Conducted By	

## Person (s) Interviewed or Contacted During the Review

Name	Title	Phone/Email

## PURPOSE

As a requirement of the Office of Management and Budget Uniform Grant Guidance, fiscal monitoring is conducted by the Mississippi Department of Education, Office of Special Education Fiscal Team, to ensure Local Education Agencies (LEAs) and other sub recipients of IDEA subgrants comply with Federal, State, and Local laws and regulations.

Monitoring activities:

- Assess and measure LEA compliance with grant rules and regulations,
- Ensure grant funds are used for authorized purposes in compliance with laws and regulations,
- Assess organization internal controls to ensure reliable financial reporting and accountability, and
- Identify areas of noncompliance and recommend areas of improvement to improve administrative efficiencies and programmatic effectiveness.



## SECTION 1. ADMINISTRATIVE REVIEW

<b>Section 1. Compliance</b>	<b>Yes/No/NA</b>
1. Did the LEA submit all required reports on time? (Annual IDEA application and monthly MCAPS reimbursement requests)	

<b>Section 1. Comments</b>

<b>Section 1. Recommendations and Corrective Action</b>

## SECTION 2. COST PRINCIPLES AND EXPENDITURES

### Examples of Evidence:

- Revenue and Expenses Report or General Ledger – to include revenue, expenditures, and remaining balance
- Budget– to include budgets and may also include actual expenses
- Gross salary pay report by cost center – to include positions, names, and amounts
- Detailed Ledger– to include detailed expenditure transactions: type of expense, vendor name, date, and amount
- Budget Report for the previous year if the LEA is reporting carryover in the current year
- Accounting report by school identifying salaries & benefits for positions paid for with IDEA Part B 611 and 619 Funds
- List of all staff, including FTEs and funding sources
- Interview with the business manager, if needed
- Interview with the special education director, if needed
- Budget report for IDEA federal program to ensure alignment with budgets submitted during the submission of funding application

<b>Section 2. Compliance</b>	<b>Yes/No/NA</b>
1. Are expenditures and budgets tracked and reported separately per federal grant in the accounting system?	
2. Are expenditures used for allowable and approved activities?	
3. Were expenditures reported and requested through MCAPS on a reimbursable basis?	
4. Are expenditures supported by proper source documentation including, but not limited to, purchase orders (POs), original invoices, packing slips, cancelled checks, accounting journal entries, and other pertinent records necessary to facilitate the tracing of grant funds?	
5. Does the cost allocation of invoices match the LEA methods of cost allocation narrative?	
6. Does the agency ensure that the payment transaction references a PO, contractual agreement, or other prior approval?	

<p>7. Does the agency ensure that costs charged to grant funds were not also billed and/or reimbursed by other funding sources such as Medicaid?</p>	
<p>8. Expenditures selected for testing are:</p> <ul style="list-style-type: none"> <li>a. Necessary, reasonable, and allocable</li> <li>b. Conform with Federal law and grant terms</li> <li>c. Consistent with State and Local policies</li> <li>d. Consistently treated as either a direct cost or indirect cost</li> <li>e. In accordance with GAAP</li> <li>f. Allowable in accordance with IDEA 34 CFR &amp; and Uniform Grant Guidance 2 CFR Part 200 Subpart E</li> </ul>	

**Section 2. Findings**

**Section 2. Recommendations and Corrective Action**

## SECTION 3. TIME AND EFFORT

### Examples of Evidence:

- System of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated (i.e. signatures, periodical time and effort certification)
- Official records
- Documentation that reasonably reflects total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Documentation of both Federally assisted, and all other activities compensated by the District on an integrated basis
- Accounting policies and practices
- Documentation that shows support the distribution of the employee’s salary or wages among specific activities of cost objectives

<b>Section 3. Compliance</b>	<b>Yes/No/NA</b>
1. Charges to Federal awards for salaries and wages, including stipends, must be based on records that accurately reflect the work performed, salary distribution, and semiannual certification (2 CFR 200.430, 200.403(a))	

<b>Section 3. Findings</b>

<b>Section 3. Recommendations and Corrective Action</b>

## SECTION 4. IDEA FISCAL REQUIREMENTS

### Examples of Evidence:

Accounting record identifying distributions or payments for:

- Parentally Placed Private School Children
- CEIS
- Schoolwide program

Section 4. Compliance	Yes/No/NA
1. The LEA ensures that it accurately tracks and reports expenditures for maintenance of effort (MOE).	
2. The LEA ensures that it accurately tracks and reports expenditures related to proportionate share.	
3. The LEA ensures that it accurately tracks and reports expenditures for Voluntary Coordinated Early Intervention Services (CEIS) or Comprehensive (required) Coordinated Early Intervention Services (CCEIS) for allowability of costs and adequate internal controls.	

Section 4. Findings

Section 4. Recommendations and Corrective Action

## SECTION 5. INVENTORY MANAGEMENT SYSTEM

### Examples of Evidence:

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

<b>Section 5. Compliance</b>	<b>Yes/No/NA</b>
1. Does the LEA have an Inventory Management System in place for tracking property acquired with IDEA Part B funds?	
2. Did the LEA receive prior MDE OSE approval for equipment purchases over \$5,000?	
3. Does the LEA ensure purchased equipment is being used for grant-specific purposes?	
4. Does the LEA maintain an inventory of equipment including the description, condition, serial number, deployed location, custodian, acquisition date, acquisition cost, and disposition of equipment?	
5. Does the agency have a method for the disposition of equipment?	



6. Has a physical inventory of equipment been conducted within the last two years?	
7. Does the LEA ensure preventative measures for the adequate safeguarding of equipment in order to deter equipment from being lost, stolen, or destroyed? 2 CFR 200.19(c) 313 & 317	

**Section 5. Findings**

**Section 5. Recommendations and Corrective Action**

## SECTION 6. CONTRACT AND PROCUREMENT REVIEW

### Examples of Evidence:

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

Section 6. Compliance	Yes/No/NA
1. Does the LEA have policies and procedures to ensure that its procurement mechanisms conform to the standards outlined in 2 CFR §200.19 (c) & 318?	
2. Does the LEA procurement policy establish procurement methods with thresholds? Are these thresholds in compliance with federal requirements?	
3. Does the LEA have a conflict of interest policy in place?	
4. Does the LEA have a debarment and suspension policy in place?	
5. Does the LEA ensure that local geographical preferences are not used when entering into a procurement transaction or contractual agreement?	

Section 6. Findings

Section 6. Recommendations and Corrective Action

## SECTION 7. FISCAL RECORD RETENTION

### Examples of Evidence:

- The LEA has GAN notifications on file for all awards issued in the last 6 years
- The LEA has internal controls in place that identify in writing:
  - Who tracks expenditures?
  - Who draws down funds from MCAPS
  - Who deposits checks?
- The LEA has an internal accounting system process that identifies obligations and unobligated balances (carryovers) and how these are tracked (e.g., excel or carryover calculator).
- The LEA has a written process for identifying any interest earned. For example, if the LEA accidentally requested from MCAPS more than what was expended, then excess funds will be sitting in the LEA’s account, possibly earning interest. If this is the case, this must be reported to MDE.  
*Important Note: Generally, an LEA should not earn interest because LEAs receive payments from MDE on a reimbursement basis.*
- The LEA maintains records that show:
  - The amount of funds under the grant or subgrant
  - How the subgrantee expended those funds
  - The total cost of each project
  - The share of the total cost of each project contributed by other funding sources
  - Other records to facilitate an effective audit
  - Other records to show compliance with Federal program requirements
  - Evidence that records are maintained for a minimum of 6 years from the date that funds are made available to LEAs
- Evidence that the LEA has a written policy/procedure for maintaining and storing original records, both paper and electronic. Procedure includes reasonable safeguards for ensuring that the records are not altered.

Section 7. Compliance	Yes/No/NA
1. IDEA Part B original source documents are kept (CFR Part 200.302(b): <ol style="list-style-type: none"> <li>a. Federal Award Catalog of Federal Domestic Assistance (CFDA) number, Federal Award ID number</li> <li>b. Authorization (the process of giving someone permission to do or have something)</li> <li>c. Obligations, unobligated balances (carryovers)</li> <li>d. Expenditures</li> <li>e. Assets (inventory control)</li> <li>f. Time and effort documentation</li> <li>g. Income (if applicable)</li> <li>h. Interest (if applicable)</li> </ol>	

<p>2. The LEA maintains all records that fully show:</p> <ul style="list-style-type: none"> <li>a. The amount of funds under the grant or subgrant</li> <li>b. How the subgrantee uses those funds</li> <li>c. The total cost of each project</li> <li>d. The share of the total cost of each project contributed by other funding sources</li> <li>e. Other records to facilitate an effective audit</li> <li>f. Other records to show compliance with Federal program requirements</li> <li>g. Project expenses and results</li> </ul>	
<p>3. The LEA maintains original records. If records are electronic, there is no need to create and retain paper copies. Both types of records may be subject to periodic quality control reviews. 2 CFR 200.334</p> <p><b>Definition:</b> The record on file contains the same content, context, and structure as the original record the day it was used, based on the LEA's policy. If an LEA's policy is to obtain actual signatures on all Purchase Orders (POs), then all documents with original signatures must be filed and stored. If the policy allows electronic POs with digital signatures, then all electronic POs must be saved on a shared drive.</p>	

**Section 7. Findings**

**Section 7. Recommendations and Corrective Action**

## SECTION 8. FINANCIAL SYSTEM REVIEW

### Examples of Evidence:

- Copy of the LEA’s fiscal policies and procedures manual
- LEA cost center or cost allocation plan
- Inspect LEA budget vs expense report spreadsheets or accounting system output
- LEA chart of accounts
- Office of Grants Management indirect cost rate agreement letter
- Bank reconciliation report
- Accrual reports
- Salary distribution in accounting system

Please note that while highlighted items will not be included as part of the monitoring process, they are important aspects of internal controls and may be monitored in subsequent years.

<b>Section 4. Compliance</b>	<b>Yes/No/NA</b>
1. Does the LEA maintain a financial management system that accurately identifies the source and amount of funds awarded to them?	
2. Does the LEA have a method to compare actual costs to budgeted costs to ensure that programs are operating within their budgets?	
3. Does the LEA’s accounting system ensure that grant funds are not commingled with other funds or other grants?	
4. Does the LEA have a copy of their current approved IDEA Part B budget?	
5. Are budget modifications requested and approved prior to expenditure?	
6. Is the indirect cost rate used approved by OGM?	
7. Does the LEA perform monthly bank reconciliations?	
8. Is the LEA on a cash or accrual basis?	
9. If the LEA is on a cash basis, are year-end accruals supported by the general ledger?	

10. Does the LEA ensure the separation of duties for all accounting transactions? List the names and titles of the indicator(s) and approver(s) 2 CFR 200.303	
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**Section 8. Findings**

**Section 8. Recommendations and Corrective Action**

## SECTION 9. FINANCIAL AUDITS

### Examples of Evidence:

- Copy of “Schedule of Findings and Questioned Costs” section from district audit for last two years.
- Evidence that Single Audit findings have been addressed

<b>Section 9. Compliance</b>	<b>Yes/No/NA</b>
1. Did the LEA’s previous fiscal monitoring result in findings?	
2. If yes, were corrective actions completed and is there evidence of ongoing compliance?	
3. Did the LEA's most recent financial audit result in findings?	
4. If yes, were corrective actions completed and is there evidence of ongoing compliance?	

<b>Section 9. Findings</b>

<b>Section 9. Recommendations and Corrective Action</b>

# SECTION 10. WRITTEN FISCAL POLICIES AND PROCEDURES

## Examples of Evidence:

- Evidence that the LEA has a funding manual that sets forth the policies and procedures used by the LEA to administer federal funds

Section 10. Compliance	Yes/No/NA
1. Does the LEA have written policies and procedures in compliance with the Uniform Grant Guidance? <ul style="list-style-type: none"> <li>• Cost principles 2 CFR §200. Subpart E</li> <li>• Procurement 2 CFR §200.318</li> <li>• Time and effort 2 CFR §200.430, 403 (a)</li> <li>• Inventory management 2 CFR §200.313</li> <li>• Cash management 2 CFR §200.305</li> <li>• Conflict of interest policy 2 CFR §200.319 (c), 318</li> <li>• Fiscal records are retained for a minimum of 6 years – 2 CFR §200.334 and MDE records retention policies</li> <li>• Separation of duties 2 CFR §200.303</li> </ul>	

Section 10. Findings

Section 10. Recommendations and Corrective Action



## SECTION 11. OTHER

Section 11. Interview	Yes/No/NA
1. Does the LEA have concerns about the latest Uniform Grant Guidance requirements?	
2. Are there any challenges the agency is experiencing?	
3. Does the LEA have any improvements or suggestions for MDE OSE's grant administration process?	

Section 11. Comments

Fiscal Monitoring Reviewer Signature	Fiscal Monitoring Reviewer Signature