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**American Recovery and Reinvestment Act of 2009 (ARRA) (P.L. 111-5)
ARRA Monitoring Inventory (AMI)—PART B**

State Name: _____ RAF: _____
Date: _____

Monitoring Principle 1: State procedures are reasonably designed to ensure accountability and transparency of ARRA IDEA funds

Priority Area 1A: 1512 Reports – The State has procedures in place to submit IDEA ARRA 1512 Reports in accordance with Department of Education’s (Department’s) and the White House’s Office of Management and Budget’s (OMB’s) requirements

Requirements:

ARRA Section 1512(c) (Recipient Reports)

RECIPIENT REPORTS.—Not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from a Federal agency shall submit a report to that agency that contains—

- (1) the total amount of recovery funds received from that agency;
- (2) the amount of recovery funds received that were expended or obligated to projects or activities; and
- (3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including—
 - (A) the name of the project or activity;
 - (B) a description of the project or activity;
 - (C) an evaluation of the completion status of the project or activity;
 - (D) an estimate of the number of jobs created and the number of jobs retained by the project or activity; and
 - (E) for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.
- (4) Detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109–282), allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.

Probe	Comments and Supporting Documentation if Applicable
a. Who is responsible at the State level for coordinating the timely and accurate quarterly reporting of data on IDEA section 611 and 619 grant awards required under ARRA section 1512(c)?	
b. What processes and procedures does the State have in place to fulfill its requirement to ensure the accuracy of any data reported by the subrecipient LEAs and vendors (if applicable)?	
c. If the State has not submitted its quarterly 1512 reports in a timely manner, why not?	
d. Has the State responded appropriately to all required 1512 reports? If not, what issues are outstanding?	
e. Are there any additional issues requiring follow up by the Office of Special Education Program’s (OSEP) Monitoring and State Improvement Planning	

(MSIP) Division that emerged from the review of 1512 reports?	
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Potential Source Documents:

1. 1512 Reports and Comments
2. State Guidance on ARRA quarterly reporting
3. Results of OSEP's reviews of submitted quarterly data

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Probe	Comments and Supporting Documentation if Applicable
a. How does the State ensure that it is collecting accurate and reliable jobs creation estimates from its subrecipient LEAs?	
b. Describe the methodology the State is using to create estimates of jobs created.	

Potential Source Documents:

1. State guidance on how to report the number of jobs created with ARRA funds
2. Evidence that the State is implementing Departmental and OMB guidance on job creation
3. Results of Department (OSEP) reviews of submitted quarterly data

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Monitoring Principle 2: State controls are reasonably designed to ensure such funds are used in accordance with IDEA and ARRA requirements

Priority Area 2A: Internal Controls – Proper controls are reasonably designed to ensure funds are used in accordance with IDEA, ARRA, and other applicable Federal requirements

Requirements:

Education Department General Administrative Regulations (EDGAR):

34 CFR §76.700 Compliance with statutes, regulations, State plan, and applications.

A State and a subgrantee shall comply with the State plan and applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications.

34 CFR §76.701 The State or subgrantee administers or supervises each project.

A State or a subgrantee shall directly administer or supervise the administration of each project.

34 CFR §76.702 Fiscal control and fund accounting procedures.

A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds.

34 CFR §80.12 Special grant or subgrant conditions for “high-risk” grantees.

(a) A grantee or subgrantee may be considered high risk if an awarding agency determines that a grantee or subgrantee: (1) Has a history of unsatisfactory performance, or (2) Is not financially stable, or (3) Has a management system which does not meet the management standards set forth in this part, or (4) Has not conformed to terms and conditions of previous awards, or (5) Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high risk condition and shall be included in the award.

(b) Special conditions or restrictions may include: (1) Payment on a reimbursement basis; (2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period; (3) Requiring additional, more detailed financial reports; (4) Additional project monitoring; (5) Requiring the grantee or subgrantee to obtain technical or management assistance; or (6) Establishing additional prior approvals.

(c) If an awarding agency decides to impose such conditions, the awarding official will notify the grantee or subgrantee as early as possible, in writing, of: (1) The nature of the special conditions/restrictions; (2) The reason(s) for imposing them; (3) The corrective actions which must be taken before they will be removed and the time allowed for completing the corrective actions and (4) The method of requesting reconsideration of the conditions/restrictions imposed.

Probe	Comments and Supporting Documentation if Applicable
a. What internal control procedures are in place at the State level to ensure the appropriate distribution and use of funds? Examples include: <ul style="list-style-type: none">• cash management• segregation of duties• reconciliation• authorization• written accounting procedures• written procurement policies and procedures• time and effort documentation• purchase reviews• contract reviews• equipment inventories	
b. What changes (if any) has the State made to the	

control environment as a result of ARRA IDEA funds (e.g. policies or procedures)?	
c. How does the State conduct risk assessments of subrecipient LEAs?	
d. How does the State analyze audit findings of IDEA funds (as required under A-133 or additional State requirements)?	
e. What procedures and criteria does the State implement for designating subrecipient LEAs as "high risk," pursuant to EDGAR, if applicable?	

Potential Source Documents:

1. Documentation and/or descriptions of State-specific internal control policies and procedures
2. Listing of high risk subrecipient LEAs
3. Listing of all subrecipient LEA A-133 audits with IDEA findings for FFY 2009 (July 1, 2009-June 30, 2010)
4. A reasonable sample of (minimum of 5) full subrecipient LEA audit reports with IDEA findings, selected from list by OSEP
5. Evidence of corrective actions required in response to the findings, follow up actions taken, and current status of findings

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Priority Area 2B: Use of Funds – The State has policies in place to ensure that funds are used in accordance with all applicable laws and regulations

Requirements:

ARRA Section 1511 (Certifications)

With respect to covered funds made available to State or local governments for infrastructure investments, the Governor, mayor, or other chief executive, as appropriate, shall certify that the infrastructure investment has received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. Such certification shall include a description of the investment, the estimated total cost, and the amount of covered funds to be used, and shall be posted on a website and linked to the website established by section 1526. A State or local agency may not receive infrastructure investment funding from funds made available in this Act unless this certification is made and posted.

ARRA Section 1604

Limit on funds: None of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

ARRA Section 1605 (Buy American)

Use of American Iron, Steel, and Manufactured Goods.

(a) None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

(b) Subsection (a) shall not apply in any case or category of cases in which the head of the Federal department or agency involved finds that--

- (1) applying subsection (a) would be inconsistent with the public interest;
- (2) iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
- (3) inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) If the head of a Federal department or agency determines that it is necessary to waive the application of subsection (a) based on a finding under subsection (b), the head of the department or agency shall publish in the Federal Register a detailed written justification as to why the provision is being waived.

(d) This section shall be applied in a manner consistent with United States obligations under international agreements.

ARRA Section 1606 (Wage requirements)

Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code.

IDEA Section 605 (Equipment, construction, alteration of facilities)

(a) In General.--If the Secretary determines that a program authorized under this title will be improved by permitting program funds to be used to acquire appropriate equipment, or to construct new facilities or alter existing facilities, the Secretary is authorized to allow the use of those funds for those purposes.

(b) Compliance With Certain Regulations.--Any construction of new facilities or alteration of existing facilities under subsection (a) shall comply with the requirements of--

- (1) appendix A of part 36 of title 28, Code of Federal Regulations (commonly known as the `Americans with Disabilities Accessibility Guidelines for Buildings and Facilities'); or
- (2) appendix A of subpart 101-19.6 of title 41, Code of Federal Regulations (commonly known as the `Uniform Federal Accessibility Standards').

IDEA Section 612 (State Eligibility)

(a)(10) Children in private schools.—

(A) Children enrolled in private schools by their parents.—

(i) In general.--To the extent consistent with the number and location of children with disabilities in the State who are enrolled by their parents in private elementary schools and secondary schools in the school district served by a local educational agency, provision is made for the participation of those children in the program assisted or carried out under this part by providing for such children special education and related services in accordance with the following requirements, unless the Secretary has arranged for services to those children under subsection (f)...

...(I) Amounts to be expended for the provision of those services (including direct services to parentally placed private school children) by the local educational agency shall be equal to a proportionate amount of Federal funds made available under this part.

IDEA Section 613 (Local Educational Agency Eligibility)

(a)(2)(A) Amounts provided to the local educational agency under this part shall be expended in accordance with the applicable provisions of this part and

(i) shall be used only to pay the excess costs of providing special education and related services to children with disabilities.

(f) Early Intervening Services.—

(1) In general.--A local educational agency may not use more than 15 percent of the amount such agency receives under this part for any fiscal year, less any amount reduced by the agency pursuant to subsection (a)(2)(C), if any, in combination with other amounts (which may include amounts other than education funds), to develop and implement coordinated, early intervening services, which may include interagency financing structures, for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade 3) who have not been identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general education environment.

Additional Requirements:

EDGAR

34 CFR §§75.600-617: Construction

34 CFR §76.600: Construction

34 CFR §80.31: Real Property

34 CFR §80.32: Equipment

34 CFR §80.36: Procurement

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

2 CFR Part 225, Appendix B (Selected Items of Cost), 15. Equipment and other capital expenditures

Probe	Comments and Supporting Documentation if Applicable
a. How does the State ensure that ARRA funds are used in accordance with IDEA and ARRA requirements including, but not limited to the requirements in IDEA sections 612-613 and ARRA sections 1604-1606?	
b. How does the State ensure that the ARRA IDEA funds are used only for allowable expenditures?	
c. How does the State ensure that LEAs use IDEA regular and ARRA IDEA funds only for the excess costs of providing special education and related services to children with disabilities, except where IDEA specifically provides otherwise?	
d. How does the State document when ARRA IDEA 611 or 619 funds are being used for construction, infrastructure and/or purchase of equipment?	

e. How does the State ensure that its procedures and criteria for approving such LEA requests are in accordance with the standards of IDEA section 605 and applicable EDGAR requirements as listed above?	
f. How is the State applying the Department's definition of infrastructure?	
g. As required by ARRA section 1511, how is the State approving and posting infrastructure investments on the State's website and linking them to Recovery.gov?	
h. How does the State ensure that LEAs comply with the "Buy American" requirement when ARRA IDEA funds are used for infrastructure investments?	
i. How does the State ensure that LEAs comply with the Davis-Bacon Act regarding contract content when ARRA IDEA funds are used for infrastructure investments?	
j. How does the SEA ensure that each LEA expends the correct proportionate share (including IDEA regular and ARRA IDEA funds) in providing equitable services to children with disabilities placed by their parents in private schools?	
k. How does the State verify the LEA's calculation of IDEA regular and ARRA IDEA funds to be used for Coordinated Early Intervening Services (CEIS) (both 15% for LEAs with significant disproportionality and up to 15% for other LEAs)?	

Note: OSEP will review and share ARRA 1512 subrecipient reports with the State to identify potential infrastructure or equipment purchases.

Potential Source Documents:

1. State policies and procedures regarding allowable uses of section 611 and 619 funds
2. State policies and procedures for approving equipment requests
3. A reasonable sample of (minimum of 5) equipment/approval requests. First priority should be equipment purchased and then reported in an ARRA 1512 subrecipient report
4. State policies and procedures for approving infrastructure requests
5. Samples of approved infrastructure and equipment requests
6. Link for posted infrastructure approvals
7. Guidance provided to LEAs on Buy American and Davis Bacon provisions
8. Samples of subrecipient monitoring reports, State reviews of construction requests, applications to SEA from LEA that demonstrate that LEAs are/are not implementing Buy American and Davis Bacon provisions of ARRA
9. LEA proportionate share calculations
10. Proportionate share guidance
11. A listing of LEAs utilizing CEIS funds or LEAs required to use CEIS funds
12. State procedures on LEA use of funds for CEIS

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Priority Area 2C: Maintenance of Effort (MOE) – The State is maintaining financial support (MFS) and LEAs are maintaining effort) for providing special education and related services from year to year

Requirements:

ARRA Section 14012 Fiscal Relief (through the use of State Fiscal Stabilization Funds)

- (a) In general- For the purpose of relieving fiscal burdens on States and local educational agencies that have experienced a precipitous decline in financial resources, the Secretary of Education may waive or modify any requirement of this title relating to maintaining fiscal effort.
- (b) Duration- A waiver or modification under this section shall be for any of fiscal year 2009, fiscal year 2010, or fiscal year 2011, as determined by the Secretary.
- (c) Criteria- The Secretary shall not grant a waiver or modification under this section unless the Secretary determines that the State or local educational agency receiving such waiver or modification will not provide for elementary and secondary education, for the fiscal year under consideration, a smaller percentage of the total revenues available to the State or local educational agency than the amount provided for such purpose in the preceding fiscal year.
- (d) Maintenance of Effort- Upon prior approval from the Secretary, a State or local educational agency that receives funds under this title may treat any portion of such funds that is used for elementary, secondary, or postsecondary education as non-Federal funds for the purpose of any requirement to maintain fiscal effort under any other program, including Part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.), administered by the Secretary.
- (e) Subsequent Level of Effort- Notwithstanding (d), the level of effort required by a State or local educational agency for the following fiscal year shall not be reduced.

IDEA Section 612(a)(18) Maintenance of State financial support (SEA level)

- (A) In General.--The State does not reduce the amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year.

(Also found at 34 CFR §300.163(a))

IDEA Section 613(a) Use of Amounts (LEA Maintenance of Effort)

- (2) Use of amounts.--

(A) In General.--Amounts provided to the local educational agency under this part shall be expended in accordance with the applicable provisions of this part and...

...(ii) shall be used to supplement State, local, and other Federal funds and not to supplant such funds; and (iii) shall not be used, except as provided in subparagraphs (B) and (C), to reduce the level of expenditures for the education of children with disabilities made by the local educational agency from local funds below the level of those expenditures for the preceding fiscal year.

(B) Exception.--Notwithstanding the restriction in subparagraph (A)(iii), a local educational agency may reduce the level of expenditures where such reduction is attributable to—

- (i) the voluntary departure, by retirement or otherwise, or departure for just cause, of special education personnel;
- (ii) a decrease in the enrollment of children with disabilities;
- (iii) the termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the State educational agency, because the child—
 - (I) has left the jurisdiction of the agency;
 - (II) has reached the age at which the obligation of the agency to provide a free appropriate public education to the child has terminated; or
 - (III) no longer needs such program of special education; or
- (iv) the termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

34 CFR §300.203 Maintenance of Effort

(a) *General.* Except as provided in §§300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(b) *Standard.* (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:

(i) Local funds only.

(ii) The combination of State and local funds.

(2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.

Probe	Comments and Supporting Documentation if Applicable
a. How does the State calculate its level of support based on support for special education and related services provided by all State agencies (not just the SEA)?	
b. If a State has sought a waiver of its State fiscal support under IDEA, how does the State intend to restore funding to the previous level?	
c. If a State is using State Fiscal Stabilization Funds for IDEA purposes, how does the State intend to restore funding to the previous level?	
d. Has OSEP made a finding that the State was not either including all funds in its calculation for maintenance of effort or other noncompliance? If so, has the State corrected this finding? If not, why not.	

Potential Source Documents:

1. List of State agencies providing support for special education and related services. Evidence of the State's most recent calculation of support provided for the 2009-2010 school year.
2. OSEP Verification Visit Reports (findings of noncompliance on MOE).

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Probe	Comments and Supporting Documentation if Applicable
a. How does the SEA determine whether LEAs are meeting their level of effort?	
b. Does the State examine both: <ul style="list-style-type: none"> An LEA's budget compared to expenditures in the most recent year for which information is available, to determine eligibility for an IDEA subgrant Data to determine that the LEAs maintain effort, year to year, based on final expenditures for each fiscal year? 	
c. How does the State verify that LEA reductions based on the exceptions in 34 CFR §300.204 are valid and meet the requirements of 34 CFR §300.204?	
d. How did the State determine which LEAs were eligible to adjust local fiscal effort under 34 CFR §300.205?	

Potential Source Documents:

1. State procedures for evaluating LEA maintenance of effort as a budget matter for subgrant eligibility under IDEA and as a compliance matter from year to year
2. A list of LEAs and their levels of effort for the previous two fiscal years
3. A list of OMB Circular A-133 LEA audit reports where the LEA was found not to have maintained effort. Actions taken by the SEA to recoup the failed amount and return it to the Department
4. A list of any LEAs denied a subgrant based on failure to budget at least as much as it expended, for special education and related services, in the most recent year for which expenditures are available
5. SEA procedures for local determinations
6. SEA procedures on which LEAs were eligible to adjust local fiscal effort in FFY 2009

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Monitoring Principle 3: ARRA IDEA funds reach intended recipients and achieve results

Priority Area 3A: Timely Obligation and Liquidation - The State has developed procedures to ensure that IDEA and IDEA ARRA funds are allocated, obligated and expended in a timely manner

Requirements:

20 USC §1225. Availability of appropriations on academic or school year basis; additional period for obligation of funds

(a) Academic or differing fiscal year: Appropriations for any fiscal year for grants, loans, contracts, or other payments under any applicable program may, in accordance with regulations of the Secretary, be made available for obligation by the recipient on the basis of an academic or school year differing from such fiscal year.

(b) Succeeding fiscal year:

(1) Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this subsection, any funds from appropriations to carry out any programs to which this chapter is applicable during any fiscal year, which are not obligated and expended by educational agencies or institutions prior to the beginning of the fiscal year succeeding the fiscal year for which such funds were appropriated shall remain available for obligation and expenditure by such agencies and institutions during such succeeding fiscal year.

(2) Any funds under any applicable program which, pursuant to paragraph (1), are available for obligation and expenditure in the year succeeding the fiscal year for which they were appropriated shall be obligated and expended in accordance with--

(A) the Federal statutory and regulatory provisions relating to such program which are in effect for such succeeding fiscal year, and

(B) any program plan or application submitted by such educational agencies or institutions for such program for such succeeding fiscal year.

EDGAR

§80.20 Standards for financial management systems

(a)(2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

34 CFR §76.703 Obligation of funds during the grant period

34 CFR §76.707 When obligations are made

34 CFR §76.708 When certain subgrantees may begin to obligate funds

34 CFR §76.709 Funds may be obligated during a “carryover period” (Tydings Amendment)

34 CFR §76.710 Obligations made during a carryover period are subject to current statutes, regulations, and applications

34 CFR §80.23 Period of availability of funds (90-day liquidation period)

Related Guidance

Funds for Part B of the Individuals with Disabilities Education Act Made Available Under The American Recovery and Reinvestment Act of 2009. See (p.19) in Guidance:

E-1. Are states required to track IDEA Part B ARRA funds separately from IDEA regular funds?

Yes. ARRA requires that recipients of funds made available under that Act separately account for, and report on, how those funds are spent. The Department has assigned a new CFDA number to the IDEA Part B ARRA funds in order to facilitate separate accounting for the funds. Recipients will need to maintain accurate documentation of all ARRA expenditures to ensure that the data reported is accurate, complete, and reliable. States will be expected to monitor sub-grantees to help ensure data quality and the proper expenditure of ARRA funds..

Probe	Comments and Supporting Documentation if
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	Applicable
a. How does the State's accounting (fiscal) system distinguish ARRA IDEA funds from other funds?	
b. How does the State ensure that LEAs adhere to requirements for separately tracking and accounting for ARRA funds?	
c. How does the State ensure that ARRA IDEA funds are obligated and liquidated in a timely manner?	
d. How much of the State's ARRA IDEA 611 funds have been drawn down (include date in response)?	
e. How much of the State's ARRA IDEA 619 funds have been drawn down (include date in response)?	
f. How much of the State's ARRA IDEA 611 and 619 funds have been obligated?	
g. How does the State distribute funds to subrecipient LEAs?	
h. Does the SEA limit when LEAs have access to funds at any time through the award year and carryover year? If so, what limits are applied?	
i. How does the State determine whether the SEA or its LEAs have earned interest in excess of \$100 on IDEA funds? What action does the State take when interest is earned in excess of \$100?	

Potential Source Documents:

1. GAPS/G5 reports
2. ARRA spending reports
3. The State's LEA subgrant application form and review/approval procedures
4. Treasury Agreement that State uses, if applicable
5. Recent Fiscal CrEAG and VLT if available

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Priority Area 3B: Impact of ARRA and Achieving Results

Requirements:

ARRA Section 3 Purposes and Principles

(a) **STATEMENT OF PURPOSES.**—The purposes of this Act include the following:

- (1) To preserve and create jobs and promote economic recovery.
- (2) To assist those most impacted by the recession.
- (3) To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- (4) To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- (5) To stabilize State and local government budgets, in order to minimize and avoid deductions in essential services and counterproductive state and local tax increases.

(b) **GENERAL PRINCIPLES CONCERNING USE OF FUNDS.**—The President and the heads of Federal departments and agencies shall manage and expend the funds made available in this Act so as to achieve the purposes specified in subsection (a), including commencing expenditures and activities as quickly as possible consistent with prudent management.

Related Guidance:

American Recovery and Reinvestment Act of 2009: Using ARRA Funds Provided Through Part B of the Individuals with Disabilities Education Act (IDEA) to Drive School Reform and Improvement. (p. 2)

In planning for the use of *IDEA Part B ARRA* funds, LEAs may consider four approaches that are particularly important to effect coherent, effective, and sustainable reforms. These approaches are: (1) aligning with *ARRA's* reform goals; (2) supporting students with disabilities in the context of schoolwide reforms; (3) ensuring strategies are data-driven and evidence-based; and (4) increasing capacity and productivity (*italics within document*).

The American Recovery and Reinvestment Act of 2009: Saving and Creating Jobs and Reforming Education

Principles: The overall goals of the *ARRA* are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education part of the *ARRA* will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and Federal officials. Collectively, we must advance *ARRA's* short-term economic goals by investing quickly, and we must support *ARRA's* long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from early learning through post-secondary education. Four principles guide the distribution and use of *ARRA* funds:

- a. **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to states, local educational agencies and other entities in order to avert layoffs, create and save jobs and improve student achievement. States and LEAs in turn are urged to move rapidly to develop plans for using funds, consistent with the law's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.
- b. **Improve student achievement through school improvement and reform.** *ARRA* funds should be used to improve student achievement. In addition, the State fiscal stabilization fund (SFSF) provides funds to close the achievement gap, help students from all backgrounds achieve high standards, and address four specific areas that are authorized under bipartisan education legislation – including the Elementary and Secondary Education Act and the America Competes Act of 2007:
 1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
 2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;
 3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;

4. Providing intensive support and effective interventions for the lowest-performing schools.
- c. **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.
- d. **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Probe	Comments and Supporting Documentation if Applicable
a. How many jobs have been created or saved through the use of ARRA IDEA funds?	
b. What categories of jobs have been created or saved due to use of ARRA IDEA funds? (e.g. teachers, paraprofessionals, related service providers, administrators, etc.)	
c. What guidance has the State provided on the use of ARRA IDEA funds to achieve results for students with disabilities?	
d. What strategies have the SEA and/or LEA developed to sustain reforms and improve results after ARRA IDEA funds are expended?	
e. Provide specific examples that demonstrate the impact of ARRA IDEA funds on children with disabilities and their families.	

Note: OSEP will follow up with States after 2011 to collect additional information on the impact of ARRA IDEA funds and achieving results.

Potential Source of Information:

1. 1512 jobs data and descriptions
2. State ARRA guidance
3. ARRA grant applications and instructions
4. Interviews with State staff

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Monitoring Principle 4: State procedures are reasonably designed to ensure that instances of fraud, waste, or abuse of funds are promptly identified and mitigated

Priority Area 4A: Subrecipient Monitoring – The State has implemented a comprehensive monitoring plan to review implementation of grant and subgrant fiscal requirements

Requirements:

IDEA Section 612(a)(11) State educational agency responsible for general supervision

- (A) The SEA is responsible for ensuring—
That the requirements of this part are carried out...
(also found at 34 CFR §300.149)

IDEA Section 616 (a)(1) Monitoring, Technical, Assistance, and Enforcement

- (A) Monitor implementation of this part through –
“(i) oversight of the exercise of general supervision by the States, as required in section 612(a)(11);...

34 CFR §300.202 – Use of Amounts

- (a) General. Amounts provided to the LEA under Part B of the Act- (1) Must be expended in accordance with the applicable provisions of this part.

EDGAR

34 CFR §80.37 Subgrants

- (a) *States*. States shall follow state law and procedures when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. States shall:
- (1) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations;
 - (2) Ensure that subgrantees are aware of requirements imposed upon them by Federal statute and regulation;
 - (3) Ensure that a provision for compliance with §80.42 is placed in every cost reimbursement subgrant; and
 - (4) Conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by Federal agencies.

34 CFR §80.40 Monitoring and reporting program performance

- (a) *Monitoring by grantees*. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Probe	Comments and Supporting Documentation if Applicable
a. How does the subgrant application process ensure that LEAs are aware of applicable Federal requirements?	
b. How does the State ensure that applied for funds will be utilized for purposes that are allowable under IDEA?	
c. How is the SEA monitoring subrecipient LEAs to ensure compliance with applicable Federal fiscal requirements?	
d. Does monitoring include an examination of: <ul style="list-style-type: none">• IDEA requirements• EDGAR requirements• A-87 requirements• IDEA ARRA requirements	
e. What additional monitoring activities does the SEA	

take if A-133 audits do not routinely audit IDEA funds?	
f. What steps is the SEA taking when A-133 audits result in findings regarding IDEA ARRA funds?	
g. Describe how the State monitors ARRA IDEA subrecipient EIS programs/providers including A-133 audits, State conducted monitoring, State legislative audits, or other mechanisms, as applicable.	
h. Has the State issued any findings of noncompliance as a result of its ARRA monitoring of subrecipient EIS programs/providers? If so, describe how many and the pertinent concerns, including not utilizing funds for allowable purposes or accruing interest that is not returned to the Federal government.	

Potential Source Documents:

1. A reasonable sample of (minimum of 5) LEA ARRA grant applications and State review of the applications
2. State grant application manual
3. State fiscal monitoring procedures
4. A reasonable sample of (minimum of 5) recent monitoring reports containing fiscal findings
5. A list of LEA OMB Circular A-133 audits that examined IDEA and IDEA ARRA funds
6. A reasonable sample of (minimum of 5) of OMB Circular A-133 audits with IDEA/IDEA ARRA findings.
7. Documentation of actions taken by the SEA in response to the LEA audit findings and documentation of resolution within 6 months of the date of issuance of the final audit report

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:

Priority Area 4B: Fraud, Waste and Abuse – Procedures are in place to detect fraud, waste, and abuse of Federal funds while protecting whistleblowers

Requirements:

Inspector General Act of 1987 (P.L. 100-504)

... to prevent and detect fraud, waste and abuse and improve the economy, efficiency and effectiveness of Department programs and operations.

Related Guidance

OMB Guidance on ARRA Accountability and Reporting Requirements:

Mandatory Reporting to the Inspectors General

Agencies must include in all grants “the requirement that each grantee or sub-grantee awarded funds made available under the Recovery Act shall promptly refer to an appropriate inspector general any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.”

Protecting State and Local Government and Contractor Whistleblowers

An employee of any non-Federal employer receiving covered funds may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to [law enforcement and other officials] information that the employee reasonably believes is evidence of

- gross mismanagement,
- gross waste of covered funds,
- a danger to public health and safety,
- an abuse of authority, or
- a violation of law.

Probe	Comments and Supporting Documentation if Applicable
a. As required, how does the State ensure it has a system in place to detect and report instances of fraud, waste, or abuse to OIG while protecting whistleblowers?	
b. What mechanisms are in place to prevent fraud, waste and abuse?	
c. If the State identifies or suspects instances of fraud, waste and abuse, what mechanisms are in place to report these instances to OIG?	
d. How does the State inform the public about its procedures to report suspected fraud, waste or abuse?	

Potential Source Documents:

1. State’s written policies and procedures for detecting instances of fraud, waste, and abuse
2. Documentation about where and how the public is informed about reporting suspected fraud, waste or abuse

Potential Noncompliance? Yes ☐ No ☐: If yes, provide details and citation for noncompliance:

Steps the State has taken to address any issues identified by OSEP:

Suggested Corrective Action (if applicable):

TA and/or Recommendations:
