Gap Analysis: Fiscal, Management for State Agencies with Primary Fiscal Responsibility

For more information, visit <https://ectacenter.org/topics/gensup/dms-preparing.asp>

# Using this Worksheet

This worksheet is based on the [OSEP Fiscal Management for State Agencies with Primary Fiscal Responsibility](https://sites.ed.gov/idea/grantees/#DMS,DMS-2), and can help assess your state’s status on the eight Overarching Questions included in the protocol. Use this information to identify gaps in your Fiscal system.

# Fiscal Management: Component Definition

A State's fiscal management system will include documentation of required budgetary information, policies and procedures reflecting IDEA, EDGAR, and Uniform Guidance requirements and evidence of implementation of those procedures, all of which assist States in using Federal funds for improving results and outcomes for infants, toddlers, and children with disabilities.

# Instructions

Compile, organize, and make accessible to team members all written documents, including internal and public-facing policies and procedures, for each system assessed. Then, use the gap analysis worksheet to review each overarching question's Protocol Items and complete the following:

* Use the Systems Overview developed in **Step 3** to identify current policies, procedures, and practices related to each Protocol Item.
* Determine if what you are doing aligns with the foundational information in **Step 4**.
* Determine if what you are doing (or need to do) is described in your written procedures. Record the document and page number or section where this information can be found.
* Determine and record a status code: 1, 2, 3, or 4.
* Note anything missing or that needs modification.
* Document your key conclusions for the overarching question.

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| --- | --- |
| Status Code | Definition |
| 1 | We are doing it correctly and it is documented. |
| 2 | We are doing it correctly, but it needs to be documented. |
| 3 | We are doing some of it, but not all of it, and documentation needs to be developed or modified. |
| 4 | We need to give this item a lot of attention. |

# Overarching Questions

**Monitoring (of Early Intervention Providers, Programs, and Schools)**

1. Does the State/Entity have policies and procedures on fiscal monitoring to ensure that the IDEA Part B/C programs are accomplishing performance goals?

**Fiscal Support and Guidance (to Programs and Schools)**

1. Does the State/Entity have policies and procedures regarding fiscal technical assistance or guidance provided to its programs and schools?

**Procurement**

1. Does the State/Entity have policies and procedures to identify what agencies are responsible for conducting procurement transactions involving IDEA funds?

**Personnel**

1. Does the State/Entity have policies and procedures that ensure charges for personnel duties reflect an accurate distribution of the work performed by its employees toward IDEA program objectives?

**Budgeting and Activities (Programs)**

1. Does the State/Entity have policies and procedures for preparing budgets and planning for the use of funds to administer the IDEA grant program?

**Records and Information Management**

1. Does the State/Entity have policies and procedures that are reasonably designed to ensure fiscal records are maintained in compliance with IDEA requirements?

**Period of Performance and Carryover**

1. Does the State/Entity have procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds?

**Equipment and Supplies Management**

1. Does the State/Entity maintain an inventory of items purchased using Federal, and specifically IDEA Part B/Part C, funds?

## **A.** Does the State/Entity have policies and procedures on fiscal monitoring to ensure that the IDEA Part B/C programs are accomplishing performance goals?

* [2 CFR §200.329 — Monitoring and reporting program performance](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR36520e4111dce32/section-200.329)

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must be able to provide its policies and procedures for fiscal monitoring which ensure that IDEA Part C/B programs are accomplishing performance goals. |  |  |  |
| 2 | The State/Entity must retain records of its fiscal monitoring activities ensuring that the IDEA Part C/B program is accomplishing its performance goals. |  |  |  |
| 3 | The State/Entity should be able to explain the roles of the agencies/offices responsible for conducting fiscal monitoring of early intervention and/or special education programs. |  |  |  |

### Possible Follow-Up Questions

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 4 | What types of fiscal monitoring activities does the State/Entity engage in to ensure that the Part C/B program and, if appropriate, schools, are accomplishing performance goals?   1. In addition, what types of fiscal monitoring activities does the Entity carry out to ensure that Part C/B program funds are used only for authorized purposes and in compliance with all applicable Federal statutes, regulations, and the terms and conditions of Federal awards? |  |  |  |
| 5 | Does the State's/Entity's monitoring process include the review of both financial and performance reports/records? |  |  |  |
| 6 | Does the State's/Entity's monitoring process cover multiple programs concurrently (for example, an integrated monitoring approach) or does the entity use individual monitoring processes for each program? |  |  |  |
| 7 | Does the State's/Entity's provide training to program staff (and/or contractors) around program requirements or monitoring strategies? |  |  |  |
| 8 | How does the State/Entity (and the Part C/B program) ensure that contractors are providing services in accordance with contract terms and conditions, and meeting performance goals? |  |  |  |

### Key Conclusions

## **B.** Does the State/Entity have policies and procedures regarding fiscal technical assistance or guidance provided to its programs and schools?

* [2 CFR §200.339 — Remedies for noncompliance](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR86b76dde0e1e9dc/section-200.339)
* [34 CFR §76.770 — A State shall have procedures to ensure compliance](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFR260cb34d3a397cd/section-76.770)

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must be able to provide policies and procedures regarding fiscal technical assistance or guidance for its programs and schools. |  |  |  |
| 2 | The State/Entity must maintain records of the fiscal technical assistance or guidance it provides to its programs and schools. |  |  |  |
| 3 | The State/Entity should be able to identify the agencies responsible for conducting technical assistance or issuing guidance for its programs and schools. |  |  |  |

### Possible Follow-Up Questions

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 4 | What types of fiscal technical assistance or guidance does the State/Entity provide to its programs and schools (related to issues such as inventory, procurement, personnel)? |  |  |  |
| 5 | Does the State/Entity have a regular process for identifying or establishing program and school needs for the purposes of providing guidance, technical assistance, etc.?   1. If yes, please describe that process, including a description of the frequency of outreach (fir example, annual) and the initiated mechanism (for example, statutory change, or change in administration) |  |  |  |
| 6 | Does the State/Entity have a process for obtaining feedback from programs and schools on the guidance and technical assistance provided? |  |  |  |
| 7 | Does the State/Entity evaluate whether expected outcomes were achieved as a result of program and school spending and activities?   1. If yes, please describe the evaluation process used by the Entity. |  |  |  |

### Key Conclusions

## **C.** Does the State/Entity have policies and procedures to identify what agencies are responsible for conducting procurement transactions involving IDEA funds?

* [2 CFR §200.317 — Procurements by states](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.317)
* [2 CFR §200.318 — General procurement standards](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.318)
* [2 CFR §200.319 — Competition](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.319)
* [2 CFR §200.322 — Domestic preferences for procurements](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.322)
* [2 CFR §200.326 — Bonding requirements](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.326)

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must have policies and procedures on procurement transactions involving Federal funds, including IDEA funds. |  |  |  |
| 2 | The State/Entity must maintain records of procurement transactions involving IDEA funds, demonstrating compliance with State/Entity procurement rules. |  |  |  |
| 3 | The State/Entity should be able to describe the roles and responsibilities of each agency with responsibilities for conducting procurement transactions involving IDEA funds. |  |  |  |

### Possible Follow-up Questions

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| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 4 | What agencies within the State/Entity have responsibility for conducting procurement transactions involving IDEA funds?   1. Briefly describe the roles of each of the government agencies/offices involved in the State’s/Entity’s procurement process. 2. Describe the portion of the procurement process that occurs within the Part C/B program and within the SEA/SLA. |  |  |  |
| 5 | Does the State/Entity maintain documented, comprehensive procurement procedures that capture all phases of the procurement process and all applicable procurement requirements?   1. Please briefly describe the State’s/Entity’s general procurement process, including how transactions are initiated, reviewed, and executed. |  |  |  |
| 6 | Does the State/Entity have documented rules and/or procedures to protect against conflicts of interest during the procurement process? |  |  |  |
| 7 | Does the State/Entity have documented rules and/or procedures which ensure open competition during the procurement process?   1. If yes, how are these rules and/or procedures implemented or enforced? |  |  |  |
| 8 | What protections does the State/Entity (or Part C/B program) have in place to ensure that contracts are not provided to any parties who have been suspended or debarred? |  |  |  |

### Key Conclusions

## **D.** Does the State/Entity have policies and procedures that ensure charges for personnel duties reflect an accurate distribution of the work performed by its employees toward IDEA program objectives?

* [34 CFR §303.120(c) — Lead agency role in supervision, monitoring, funding, interagency coordination, and other responsibilities](https://www.ecfr.gov/current/title-34/subtitle-B/chapter-III/part-303/subpart-B/subject-group-ECFR8b0af1d9e085a1a/section-303.120#p-303.120(c))

### General Information

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| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must have policies and procedures for documenting the time and effort of staff supported with IDEA funds. |  |  |  |
| 2 | The State/Entity must have records of its charges for personnel duties of the work performed by its employees toward IDEA program objectives. |  |  |  |
| 3 | The State/Entity should be able to describe its policies and procedures for ensuring that charges for personnel duties are for work performed by Part C/B program employees toward IDEA program objectives. |  |  |  |

### Possible Follow-up Questions

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| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 4 | How does the State/Entity ensure that sufficient documentation is maintained in ensuring charges for personnel duties are made using IDEA funds? |  |  |  |
| 5 | What documentation does the State/Entity maintain to demonstrate that it has internal controls in place to ensure that IDEA-funded staff are working consistent with grant objectives? |  |  |  |
| 6 | What internal controls are in place to ensure that staff supported 100% by IDEA funds are working solely on Part C/B program objectives? |  |  |  |

### Key Conclusions

## **E.** Does the State/Entity have policies and procedures for preparing budgets and planning for the use of funds to administer the IDEA grant program?

* [34 CFR §76.530 — General cost principles](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-F/subject-group-ECFR09ede7442dc7e30/section-76.530)
* [2 CFR §200.403 — Factors affecting allowability of costs](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.403)
* [2 CFR §200.404 — Reasonable costs](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.404)
* [2 CFR §200.405 — Allocable costs](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.405)
* [2 CFR §200.406 — Applicable credits](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.406)
* [2 CFR §200.407 — Prior written approval (prior approval)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.407)
* [2 CFR §200.408 — Limitation on allowance of costs](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.408)
* [2 CFR §§200.420–475 — General Provisions for Selected Items of Cost](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRed1f39f9b3d4e72)

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must be able to provide policies and procedures related to the preparation and review of budgets for the IDEA grant program. |  |  |  |
| 2 | The State/Entity must maintain records of its budgets and planning for the use of funds to administer the IDEA grant program. |  |  |  |
| 3 | The State/Entity must retain documentation demonstrating that its use of IDEA grant funds is reasonable, allowable, and allocable. |  |  |  |
| 4 | The State/Entity should be able to describe the roles of the agency(ies) responsible for preparing and reviewing budgets and overseeing the use of IDEA funds to ensure that expenditures are consistent with those budgets. |  |  |  |

### Possible Follow-up Questions

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 5 | How does the State/Entity prepare budgets and plan for the use of funds to administer the IDEA Part B/C grant program and provide early intervention services and/or special education and related services to infants, toddlers and youths with disabilities in the State/Entity? |  |  |  |
| 6 | How does the State/Entity ensure that proposed uses of IDEA Part B/C program funds are for allowable activities during the budgeting process? |  |  |  |
| 7 | How does the State/Entity prepare budgets and plan for the use of funds to provide special education and related services to infants, toddlers, and youths with disabilities in the entity under the IDEA Part B/C grant program? |  |  |  |
| 8 | Does the State/Entity coordinate efforts and activities across programs featuring similar goals, objectives, or required activities? |  |  |  |
| 9 | What is the State's/Entity's process for making/approving budget changes for IDEA grants? |  |  |  |

### Key Conclusions

## **F.** Does the State/Entity have policies and procedures that are reasonably designed to ensure fiscal records are maintained in compliance with IDEA requirements?

* [2 CFR §200.303(e) — Internal controls](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.303#p-200.303(e))
* [2 CFR §200.333 — Fixed amount subawards](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR031321e29ac5bbd/section-200.333)
* [2 CFR §200.336 — Methods for collection, transmission, and storage of information](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR4acc10e7e3b676f/section-200.336)
* [34 CFR §76.730 — Records related to grant funds](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRceeb2ab4f048d91/section-76.730)
* [34 CFR §76.731 — Records related to compliance](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRceeb2ab4f048d91/section-76.731)

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity has a documented records retention policy that includes:   1. Descriptions of the categories of required records, 2. Timelines and locations for storage and maintenance, 3. Designation of responsive individual(s) (for example, records custodians), and 4. Procedures for archiving and disposing of records |  |  |  |

### Possible Follow-up Questions

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 2 | Does the State/Entity have documented records retention policies (either developed by the SEA/SLA or provided by the State's/Entity's government)? |  |  |  |
| 3 | Is the State/Entity responsible for the maintenance of its own financial records or does another office/division/agency have that responsibility? |  |  |  |
| 4 | Do these policies include descriptions of the categories of required records, timelines for storage and maintenance, designation of responsive individual(s) (for example, records custodians), and procedures for archiving and disposing of records? |  |  |  |
| 5 | How does the State/Entity ensure that all records retention and management procedures are followed and that records are maintained and stored for required time periods? |  |  |  |
| 6 | How are records maintained (paper/hard copies, electronically, or a combination)? If documentation is generated and/or maintained electronically, what system(s) is/are used for the retention of fiscal documents? |  |  |  |

### Key Conclusions

## **G.** Does the State/Entity have procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds?

* [2 CFR §200.309 — Modifications to Period of Performance](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.309)
* [2 CFR §200.343(b) — Effects of suspension and termination](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR86b76dde0e1e9dc/section-200.343#p-200.343(b))
* [34 CFR §76.707 — When obligations are made](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.707)
* [34 CFR §76.709 — Funds may be obligated during a “carryover period”](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.709)

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must be able to describe:   1. The offices within the SEA/SLA that are involved in ensuring that IDEA funds are obligated and liquidated in a timely manner. 2. The other agencies, and offices within those agencies, if any, that are involved in the State's/Entity's obligation and liquidation of IDEA funds. 3. The process(es) that the SEA/SLA uses to track obligations and liquidations for specific IDEA grant awards. |  |  |  |

### Possible Follow-up Questions

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 2 | How does the State/Entity ensure that it charges its IDEA grant awards for expenditures that were incurred during the period of performance? |  |  |  |
| 3 | How does the State/Entity ensure that all obligations made during the period of availability are liquidated by the end of the liquidation period? |  |  |  |
| 4 | If the State/Entity has a history of late liquidation requests or funds returned to Treasury:   1. What specific challenges led to the State’s/Entity’s past late liquidation request or return of funds? 2. What enhancements to the State’s/Entity’s policies and procedures would help prevent late liquidation and/or the return of funds (for example, were the unexpended funds due to a lack of contract oversight)? |  |  |  |

### Key Conclusions

## **H.** Does the State/Entity maintain an inventory of items purchased using Federal, and specifically IDEA Part B/Part C, funds?

* [2 CFR §200.313 — Equipment](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313)
* [2 CFR §200.314 — Supplies](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.314)
* [GAO Green Book](https://www.gao.gov/products/gao-14-704g), Principle 10.3 — Design of Appropriate Types of Control Activities *(on page 45, which is page 51 of the PDF)*

### General Information

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 1 | The State/Entity must maintain an inventory of assets purchased using IDEA Part B/Part C funds, consistent with Entity policies and procedures. |  |  |  |
| 2 | The State/Entity maintains equipment purchased with IDEA funds, consistent with Entity policies and procedures. |  |  |  |

### Possible Follow-up Questions

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| --- | --- | --- | --- | --- |
| ID | Protocol Item | Evidence | Status Code | What’s Missing/Next Steps |
| 3 | Once the State/Entity obtains equipment and supplies purchased with IDEA funds, how are the items tracked for use by the Part C/B program (including being added to the Entity’s inventory listing for the IDEA program, as appropriate)?   1. What standard is used for determining what assets must be inventoried? 2. Who is responsible for adding items to the inventory? 3. Is a distinction made between items purchased with non-Federal funds? |  |  |  |
| 4 | What information is included in the State’s/Entity’s inventory (or inventories)? Does the Part C/B program perform its own inventory? If so, how/when is that inventory reconciled to the State’s/Entity’s official inventory? |  |  |  |
| 5 | What process does the State/Entity use to ensure that equipment and supplies inventories are accurate and up to date for the IDEA Part B/C program?   1. Is that operational process in writing? |  |  |  |

### Key Conclusions





This worksheet was adapted by ECTA and CADRE from the *DMS Protocols Adapted for TA Centers Use–Dispute Resolution: State Complaints*, developed by the National Center for Systemic Improvement (NCSI).

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