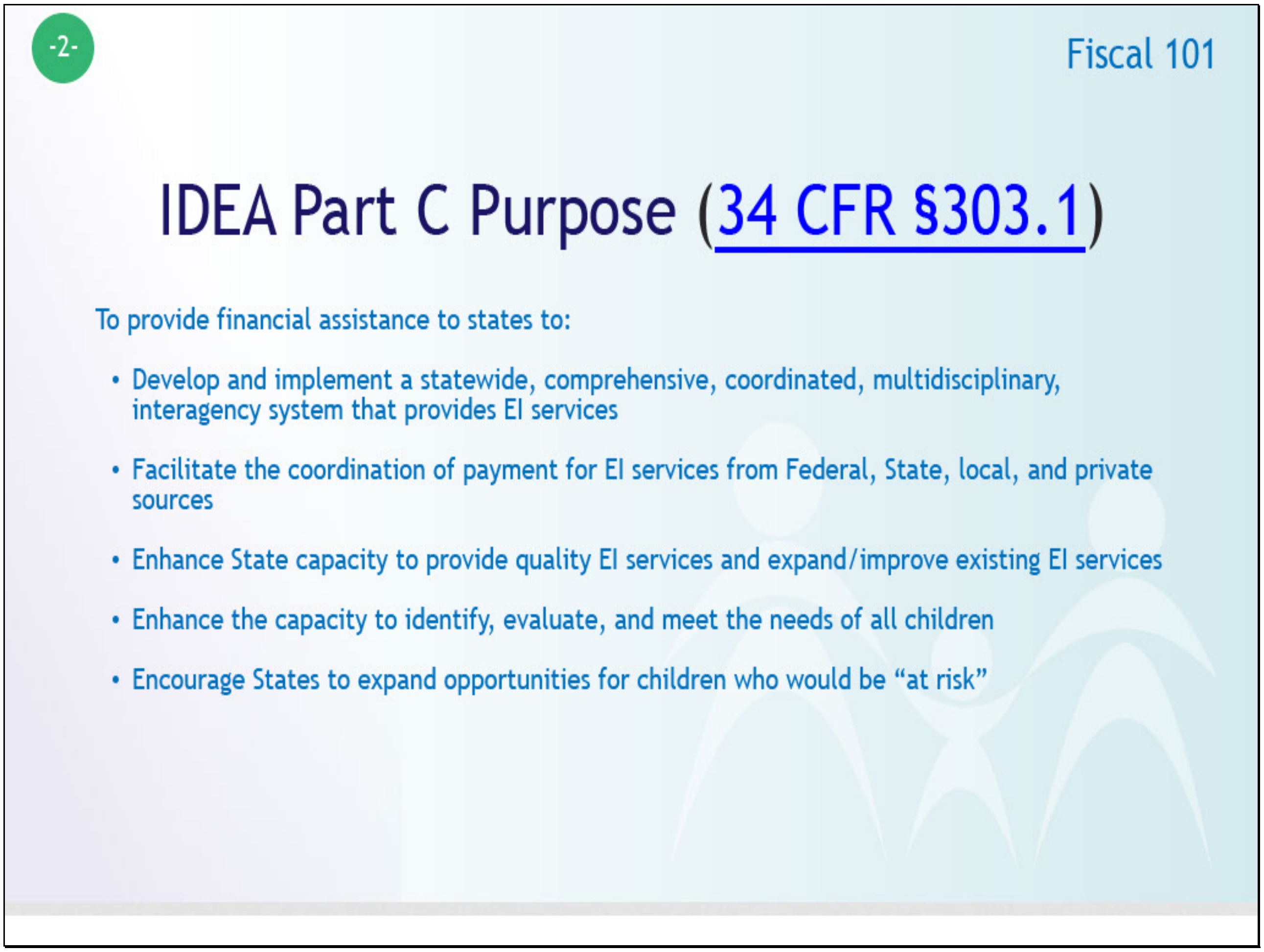
Slide notes

This is the first of 10 modules in the Fiscal 101 series. These modules have been developed to help Part C lead agency staff understand the federal fiscal requirements that accompany the acceptance of Federal Part C funding. Whether you are the Part C coordinator, program staff or fiscal staff, it is important to have a working knowledge of the requirements related to IDEA Part C as well as requirements that apply to all federal funding.

Each module will address a specific component of fiscal requirements. This series of modules are intended to provide an overview of each topic. Some modules will be more complicated than others and may require that you review the content more than one time. Throughout the modules we have included links to all relevant policies and regulations to support your understanding of the requirements. For questions or more in-depth discussion, you should feel comfortable reaching out to your OSEP state lead.



Slide notes

The purpose of Part C, as clearly articulated in 34 CFR §303.1 is "to provide financial assistance to states to implement a set of required system components." As stated in the second system component, Part C funding was intended to facilitate the coordination of payment for EI services from Federal, State, local, and private sources (including public and private insurance coverage).

Federal Part C funding was often referred to as "glue money" meaning that it would fund the coordination aspect but only be used for direct services as a last resort. This concept is affirmed in 34 CFR §303.510, Payor of Last Resort, which will be discussed in Module 7.

Part C was designed by Congress to be a very different type of entitlement program. Each state must determine, on an annual basis, if they will continue to participate in the program. How required system components are implemented varies widely across lead agencies but must be in alignment with federal statutory and regulatory requirements.

Each state also finances their Part C program using a variety of federal, state, and local fund sources including public and private insurance and family fees when state policy allows. The use of public and private insurance and family fees will be discussed in Module 8 on System of Payments.

Slide notes

A major source of information related to the way Part C and other Federal funds can be used is the cost principles of the Office of Management and Budget (or OMB) Uniform Guidance. 34 CFR §303.500 of the IDEA regulations, and Subpart E the OMB Uniform Guidance) will be discussed in detail in Module 4

A tool that may be helpful as you examine the fiscal structure that supports your Part C program is the Finance Component of the ECTA System Framework and its self-assessment process. That framework includes a component dedicated to finance, along with quality indicators associated with a number of subcomponents, including financial planning, fiscal data, procurement, resource allocation, and monitoring.

Please feel free to visit these resources now, or come back later. Click the "Continue" button when you are ready to do so.

Slide notes

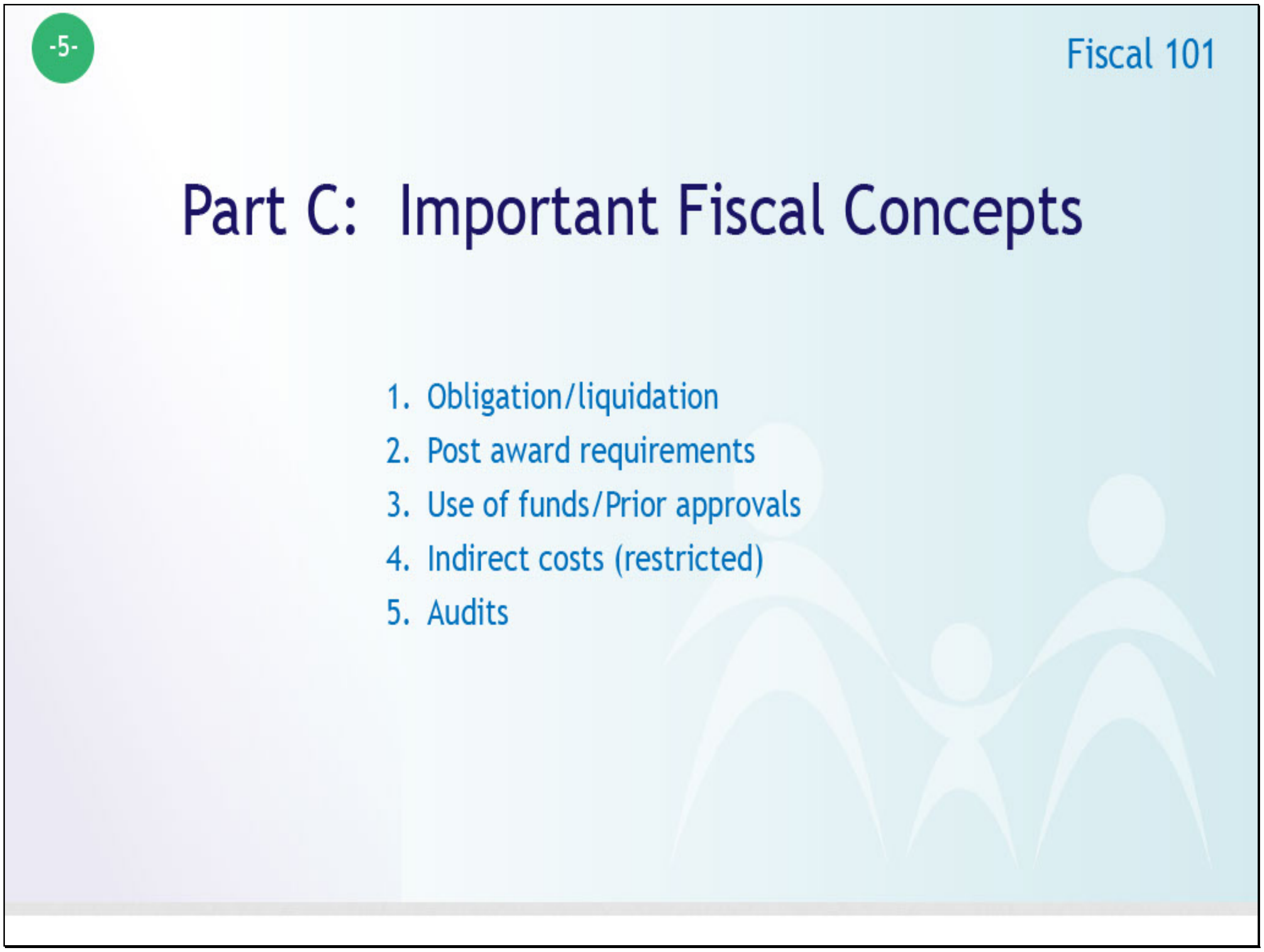
The fiscal requirements for Part C programs come from a number of sources. At the federal level there are a number of documents that will guide your understanding of the fiscal requirements that govern IDEA Part C. The IDEA Part C statute and its implementing regulations include a number of fiscal requirements including Part C maintenance of effort, payor of last resort, and requirements for methods of ensuring services, and systems of payment.

There are also Government-wide requirements that apply to all federally-funded programs, including the OMB Uniform Guidance. We will be highlighting a number of these requirements in these Fiscal 101 modules, including procurement rules, cost principles, and audits. The OMB Uniform Guidance generally follows the lifespan of a grant award, from pre-award requirements through the audits.

The US Department of Education also provides separate requirements through the Education Department General Administrative Regulations, more commonly known as EDGAR. Department Guidance can also be issued through Policy letters from the Department and OSEP. It is important to note that the Department's guidance may exceed what is required by the more general federal cross-cutting requirements.

State rules also play a part in determining how your part C funds may be spent. For example- if state rules are more rigorous than federal requirements, the program needs to follow its rules). Whether or not you are directly involved in the fiscal management of the Part C program in your state, it is critically important that you have a working knowledge of these requirements and your lead agency's system for implementing them.

Please feel free to visit these resources now, or come back later. Click the "Continue" button when you are ready to do so.



Slide notes

The cross-cutting requirements selected for discussion in this Fiscal 101were driven by a number of factors. The first is State requests for technical assistance. OSEP funded TA Centers receive frequent requests for technical assistance related to the content areas on this slide, and there is occasionally confusion about which apply to Part C programs, how they apply, and/or the source of the underlying requirements.

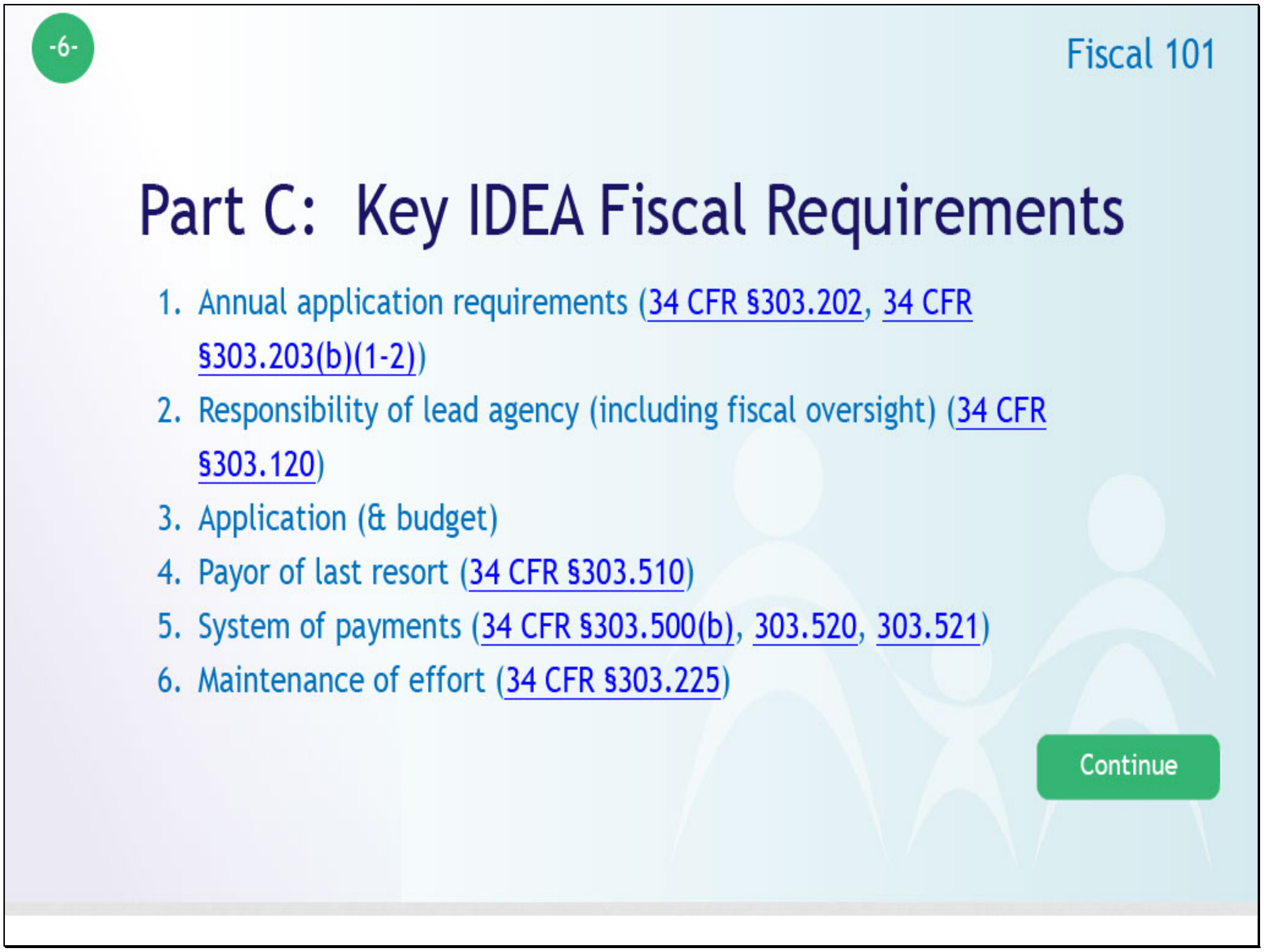
Not coincidentally, these areas are frequently also a source of the audit findings for lead agencies. Because these requirements apply to all Federal programs, if a lead agency has a finding in a particular area related to a system that is shared across programs, it is likely that the issue is impacting all of the programs housed within the agency.

These issues arise in OSEP monitoring and audits. For example, consider a scenario where the auditor finds that there is an issue in the lead agency's system for procuring services, and that competitive practices are not being followed in that process.

Even if the audit does not specifically cite the Part C program in the finding, because all programs within the agency share that same procurement system, it is likely that the Part C program's service contracts have not been procured in accordance with the agency's rules.

Finally, it is important to note that the stakes can be high when dealing with the requirements for these areas. Where the correction of noncompliance in these areas can in some ways look similar to the correction of programmatic noncompliance, and involve things like the development of policies and procedures and related staff training, they can also, unlike programmatic noncompliance, involve questioned costs and potentially the recovery of funds.

This can lead to unwanted attention and, as a result it is worth working collaboratively with fiscal staff to ensure that the lead agency's systems are compliant with these requirements.

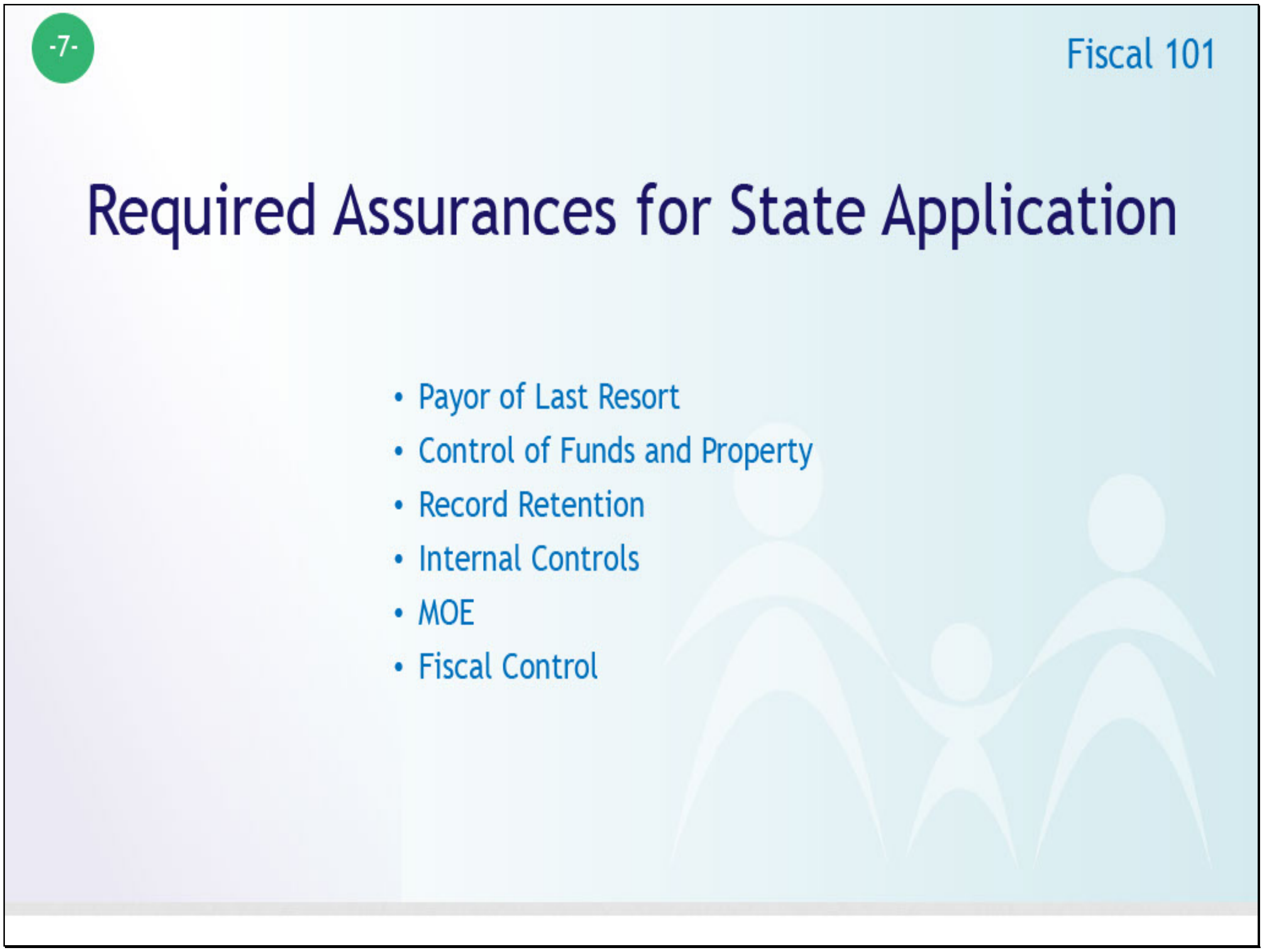


Slide notes

As part of the annual application, the state Lead Agency must certify that it has financial responsibility for the provision of Part C services (see 34 CFR §303.202), that a State's system of payments regarding use of public insurance or benefits, private insurance, or family costs or fees is clearly articulated and approved by OSEP (see 34 CFR §303.203(b) (1)).

This assumes appropriate parental protections and consent requirements are met and the agreements are in place if another state entity such as Medicaid has payment responsibility.

The methods used by the State to ensure the provision of, and financial responsibility for, Part C services are understood across the state's Lead Agency management structure (see 34 CFR §303.203(b) (2) which includes the consistent implementation of the Lead Agency's system of payments which has been approved by OSEP. More detail about System of Payments will be included in Module 8.



Slide notes

A number of assurances are required as part of the application (contained in Section II.B of the state's application).

These assurances must be affirmed and they include: Payor of Last Resort - Part C funds may not be used to satisfy a financial commitment for services that would otherwise have been paid for from another public or private source.

Control of funds and property - Financial Management Systems must include identification of the source and application of funds, the establishment of effective control, and accountability over funds as well as property purchased with Part C funds.

Record Retention –Related to federal fiscal and other reports it is customary for retention of records to be three (3) years. Many states have a more restrictive policy for retention of records, generally these are seven (7) years before appropriate destruction.

Internal Controls – The Governmental Accountability Office (GAO) has standards for internal controls within the federal government structure. The Part C Coordinator, and other Lead Agency fiscal staff, should make themselves aware of all such controls including working knowledge of the federal Uniform Administrative Requirements, the Cost Principles, and Audit Requirements for Federal Awards.

Prohibition against supplanting (i.e., MOE) - MOE is a specific requirement for IDEA Part C Funds. Simply stated, a state/jurisdiction must maintain the same level of financial commitment (the prior year's expenditure, not the budgeted) for its subsequent Part C system's fiscal year with minor exceptions. This is addressed in detail in Module 10.

Fiscal control - the Lead Agency is responsible for matching budget to expenditure requirements unless a specific expenditure is not applicable, such as a low cost item.

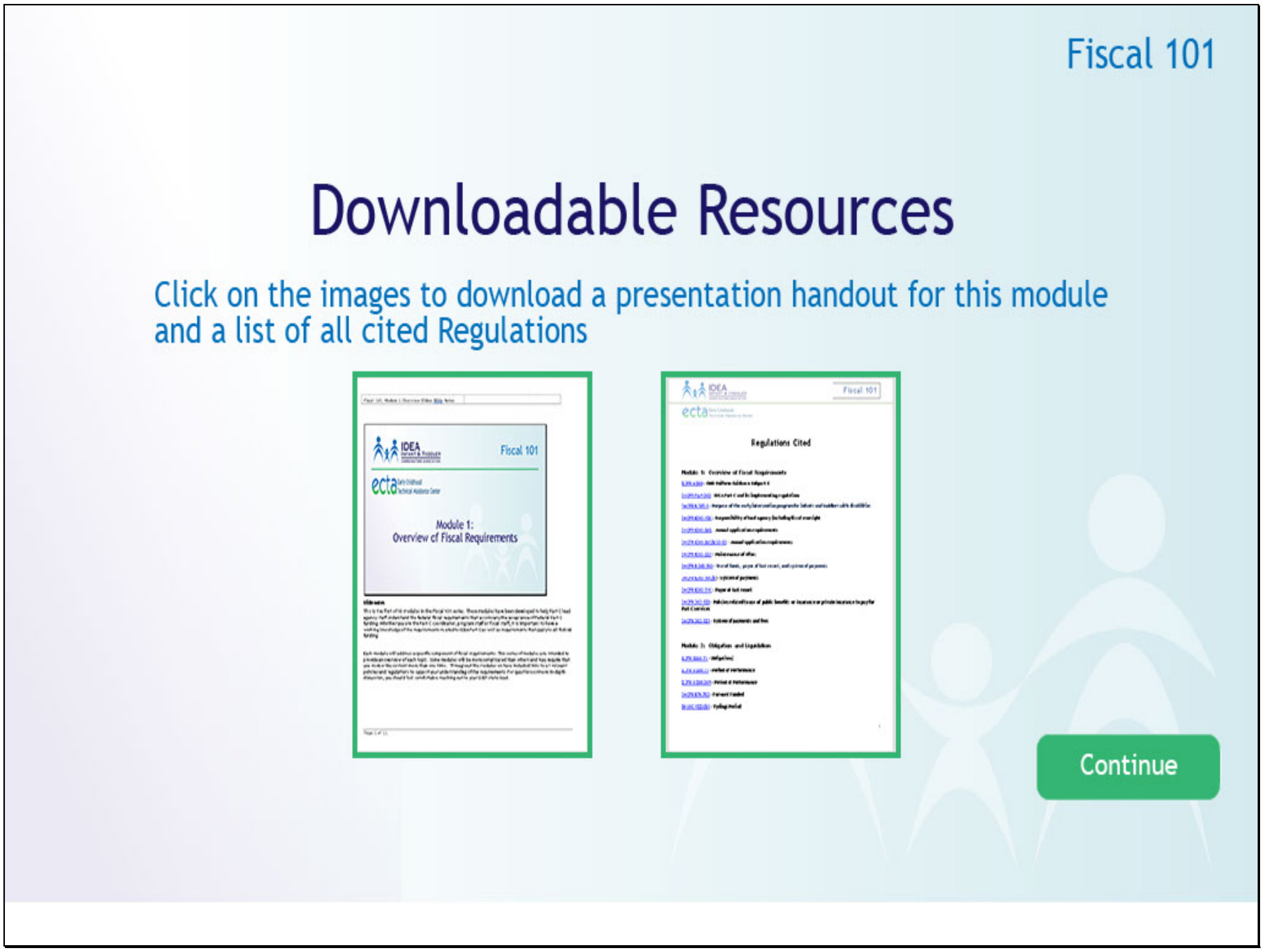
Lead Agency staff must understand the cost principles utilized by OSEP staff in determining the level of risk of any given state by OSEP's internal risk assessment process.

These cost principles include, but are not limited to the following: Allowable – is the use of funds expended on items allowable and necessary for operation of the state system, also known as the PRUDENT PERSON RULE. Conversely, items such as guns, alcohol and excessive spending are not allowable.

Documentation of personnel expenses – are costs consistent with what was submitted in your annual funding application.

Prior Approvals – A recent state example was a Lead Agency sought prior approval for funding to support partial funding for a new Early Intervention data system. The state in question submitted an amendment request to OSEP for approval of utilization of funding still available under their obligation period along with supporting materials of the total cost of the new data system.

The amendment also identified the additional larger share bond funding the state would provide. After negotiations, the amendment was approved prior to any funds being utilized for the new data system. Finally, your OSEP state lead is always available to provide additional information and answer any questions you may have.



Two handouts are available here for you to download and either save or print. The document on the left has the content that you just viewed, along with the annotated text that you heard. The document on the right is a complete list of all Code Regulations that are cited in the Fiscal 101 series. Clicking on the images will open the documents in a new window. Use the Continue button when you are finished.

Slide notes

Thanks for watching! You may use the "Return to List" button to go back to the list of modules, or you may exit by closing your browser window.