ARKANSAS DEPARTMENT OF EDUCATION
SPECIAL EDUCATION UNIT

CHECKLIST FOR SUBGRANTEE'S USE OF IDEA PART B FUNDS

Name of District/Entity____
Date____________________________________ LEA # ________________________
Reviewer_______________________________

In order to comply with Section 2 CFR §200.331(b), "pass-through entities must evaluate each sub-recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for the purpose of determining the appropriate monitoring actions", the ADE/SEU has developed specific procedures and processes to determine risk and ensure compliance with applicable requirements. Consistent with the policies and procedures specified in the *Special Education IDEA Part B Fiscal Accountability Procedures Manual*, ADE/SEU will use the following process to determine the intensity of monitoring activities for LEAs.

The ADE will utilize a standard protocol to determine risk based on a rubric with point values assigned to each variable considered. The first variable to be considered in determining an LEA's risk will be a review of the LEA's responses to the self-assessment titled *Risk Assessment for Sub-grantees' Use of IDEA Part B Funds*. The ADE/SEU will review each LEA's responses using a checklist based on the self-assessment questions.

Additionally, the following variables will be used in determining the intensity of monitoring activities for LEAs:

- Evidence of financial instability (Fiscal Distress) *
- History of Maintenance of Effort issues or failure to meet
- New Special Education Director and/or business manager
- History of late submission of required data or financial information (Part B Application, Annual Report)
- History of audit findings
- Inaccurate or unverifiable reporting of actual expenditures and carryover on previous year budgets
- Issues related to timely use of, obligation, and liquidation of funds

REVIEW OF SELF-ASSESSMENT RESPONSES:

The *Risk Assessment for Sub-grantees' Use of IDEA Part B Funds* consists of fifteen (15) questions, some with more than one part. Because of this, the checklist has 26 possible responses, which will be factored into the score. Nine of the 26 responses are considered Neutral and are therefore not given a point value. The remaining 17 responses have a risk value of 0 for acceptable responses and 2 for unacceptable responses. For some of the questions, the acceptable response is Yes and for some the acceptable response is No.

It is **desirable** to have a **low score** on the Risk Assessment. The lowest possible risk score is **0**. The highest possible risk score is **34.**

QUESTIONS	ACCEPTABLE RESPONSES – Yes or No	RISK VALUE for Acceptable Response	RISK VALUE for Unacceptable Response
1. Are IDEA Part B funds used to pay only the excess cost of educating students with disabilities?	Yes	0	2
2. Has the LEA used the Excess Cost calculation process for elementary and secondary school-age populations as part of the local budgeting process?	Yes	0	2
3. Does the LEA meet the Maintenance of Effort (MOE) requirement based on one or more calculation; and is there documentation to substantiate?	Yes	0	2
4. Does the LEA have a process for determining that expenditures are reasonable, allowable, and consistent with the IDEA grant's intended use?	Yes	0	2
5. Are indirect costs charged against the IDEA grant award?	Neutral	0	0
5a. If yes for #4, are the charges allowable and limited to the negotiated indirect cost rate?	Yes	0	2
6. Where employees are funded 100% from the grant award, does LEA have on file documentation that the employee worked solely on the program for the period covered?	Yes	0	2

7. Are there employees paid partially from IDEA Part B funds?	Neutral	0	0
7a. If Yes for #6, does the LEA keep personnel activity logs to track employees funded from different sources?	Yes	0	2
8. Were IDEA Part B funds used to purchase equipment and/or buses?	Neutral	0	0
8a. If yes for #7, were the purchases included in the approved grant application or otherwise approved by the ADE prior to the purchase?	Yes	0	2
8b. If yes for #7, are the equipment and transportation used for the benefit of students with disabilities?	Yes	0	2
9. Were IDEA Part B funds used by the LEA for construction activities?	Neutral	0	0
9a. If yes for #8, did the LEA receive approval from ADE/SEU prior to obligating federal funds?	Yes	0	2
10. Are IDEA Part B funds used to rent or lease buildings or equipment?	Neutral	0	0
10a. If yes for #9, are the costs determined to be allowable and reasonable?	Yes	0	2
11. Were IDEA Part B funds used for contractual services?	Neutral	0	0
11a. If yes for #10, are contracts reviewed annually to determine/justify the need to renew or re-compete for the services?	Yes	0	2
12. Does the LEA ensure that no contracts are made with businesses or entities that have been debarred or suspended?	Yes	0	2
13. Is the LEA required to set-aside 15% of its IDEA Part B award for CEIS?	Neutral	0	0
13a. If yes for #12, are the funds being used according to the approved grant award?	Yes	0	2
14. Is the LEA voluntarily setting aside IDEA Part B funds for CEIS?	Neutral	0	0
14a. If yes for #13, are the funds being used according to the approved grant award?	Yes	0	2
15. Does the LEA have private/home school students with disabilities residing within its boundaries?	Neutral	0	0
15a. If yes, is the LEA providing services to private school students with disabilities based on a calculated, proportionate amount of IDEA Part B funds?	Yes	0	2
16. Does the LEA maintain financial records and programmatic records, supporting documents, statistical records, and other records of LEAs for three years from the end of the liquidation period for the applicable grant?	Yes	0	2
		TOTAL SCORE	

ALL VARIABLES

If there is definitive evidence of financial instability (Fiscal Distress), an LEA will automatically receive an on-site visit.

Each of the following variables is a potential indicator of risk. For each variable, if the answer is YES, the score for that variable must equal the point value. The maximum risk score for ALL VARIABLES in the rubric below is 40.

- LEAs with a total risk score of 0 to 25 are considered Low Risk and will continue to participate in routine budget application and submission reviews. LEAs with a total risk score of 30 to 35 are considered Medium Risk and will be asked to submit applicable items on the *IDEA Part B Fiscal Monitoring Protocol* along with evidence to verify the information submitted. LEAs with a total risk score of 40 are considered High Risk and will receive an on-site visit.

Indicate in the YES/NO columns whether an individual variable could result in consideration of an on-site visit:

VARIABLES	YES	NO	SCORE	Risk VALUE
Review of responses on the Self-Assessment (24 or more points = YES)				10
Maintenance of Effort issues or failure to meet MOE within the last four years				5
Late submission of required data or financial information (Part B Application, Annual Report) within the last four years				5
Audit findings for two consecutive years (within the last four years)				5
Inaccurate or unverifiable reporting of actual expenditures and carryover (within the last four years)				5
Issues related to timely use of, obligation, and liquidation of funds within the least four years				5
New Special Education Director and/or business manager within the last two years				5
TOTAL SCORE				40