



Exceptional Student Services

Draft Version Only

Policies and Procedures

ESS Finance

Reviewed January 2025



ARIZONA DEPARTMENT OF
EDUCATION

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IDEA Entitlement Allocations

Base Allocations

34 CFR §300.705, 34 CFR §300.808, 34 CFR §300.816, 34 CFR §300.817

Introduction

Exceptional Student Services (ESS) applies for IDEA federal funding through both sections 611 and 619 for grant awards to states. Section 611 is for students with disabilities between the ages of 3 and 21 while section 619 is for students with disabilities between the ages of 3 and 5. The agency uses the short names of IDEA Basic for section 611 and IDEA Preschool for section 619. The calculation and generation of these funds are under the supervision of ESS, while the technical application of these funds is housed within our Grants Management unit. The primary facilitation of this grant will be overseen by the Director of Operations in tandem with the Deputy Associate Superintendent of ESS. Functions may be executed by the ESS Data Management and the ESS Program Management teams.

Purpose

The funding formulas used for sections 611 and 619 are similar in process but have different details in their calculations. They are primarily outlined in 34 CFR §§300.705 and 300.816. This document will explain how the calculation for the base is determined for the IDEA Allocation.

Guideline

The base amount is an allocation that should remain static after a point in time unless there are required adjustments. Certain activities will trigger adjustments between any affected public education agencies (PEAs), such as:

- A new PEA is created;
- One or more PEAs are combined into a single new PEA;
- Two or more geographic boundaries or administrative responsibilities change; or
- A PEA in its first year of operation has no children on the October 1 special education child count (ESS Census), the first year an ESS Census count is provided.

Base Year Definition

The original base year for the calculations has had to be revised to fiscal year (FY) 2003 (school year 2002–2003). After a federal fiscal audit this year, the ADE/ESS division was tasked with providing

corrected base calculations to bring every PEA to their corrected entitled amount. ESS could not go back before this date range because prior to FY 2003, there was no validation between entities and students to effectively track specific special education students through fiscal years.

Because of these tracking factors, ESS could not align with the original base dates of FFY 1999 and FFY 1997. It has, however, made good faith efforts to go back as far as feasibly possible to ensure corrected calculations to allow for the appropriate entitled amounts, as determined by the Office of Special Education Programs (OSEP).

Calculation

Calculations for the base amount were determined from FY 2003 data and were computed using entity history from the ADE history management system, as these entities existed at the closing of each fiscal year. Each year was processed as entities came into existence and closed throughout the years and when the entities provided ESS Census counts. When the first ESS Census count was submitted, the base amount would have been calculated and locked in for that fiscal year. This would remain static unless any adjustments were required as described earlier in this document. The ESS Census application captures students ages 3–21. For purposes of section 611, the counts are taken as is, but for section 619 an age filter of 3–5 years is used.

The first year an ESS Census count is provided, the entity involved would generate funds that are calculated from the following measures:

1. ESS would query the PEA's current Census count and determine where each student came from the prior Census count year
2. ESS would then divide the base allocation from any sending PEAs responsible for serving the student(s) now being served by the receiving PEA

Example:

- a. The receiving PEA has a current ESS Census count of 2 students
- b. The sending PEA has a current ESS Census count of 5 students and has a base allocation
- c. The receiving PEA would take $\frac{2}{7}$ of the base allocation from the sending PEA
 - i. 7 is the denominator, as the sending PEA would have been responsible for 7 students if the new PEA did not exist
3. There are students who were not identified as having a PEA provide services during the prior year in the ESS Census. This situation is unique to charter schools in Arizona but does not apply

to school districts. In these cases, the ADE has determined that the sending PEA will be the district the charter is located within as the PEA that would be responsible for providing services. In these cases:

- a. If there is a single district, the student would be adjusted with that sole district
- b. If there are overlapping districts with different grade ranges, then the student counts would be proportioned out to the grades served by the new PEA and the sending PEA
- c. If there are no districts, then the closest eligible districts (by grades) would act as the sending PEAs

While the base amount would be locked in the first year it has been submitted to the ADE, the funds would be awarded in the following year unless a PEA was requesting funds as part of the new or expanding charter process.

As an example for current year allocations, ESS will review new entities from the most recent ESS Census submission, which covers the prior school year. It will then apply any base adjustments appropriately for any new PEAs that did not request charter school expansion funds. These funding amounts will be awarded in the current year funding application.

Combining Districts

The calculation explanation above describes the calculation process for brand new PEAs, PEAs that provide their first ESS Census count, and PEAs with administrative or boundary changes. In case two traditional districts merge or combine, their base amounts will be combined.

Section 619 and Charter Schools

While charter schools in Arizona do not provide preschool services, these PEAs are still eligible for IDEA Preschool funding since they can service students age 5. Thus, with the recalculation, the base amount of the allocation has been remedied to generate funding to charter schools serving children age 5 throughout the state. The IDEA Preschool grant does not rely on grade but rather age in determining allocations. Thus, if any charter school provides services to five-year-olds, they are entitled to an allocation. ADE has determined that any charter providing kindergarten services is eligible to provide services for students with disabilities.

Data Sources and Processes

There are two primary and one secondary data source used to calculate the base allocations. The first source is the ESS Census application, which functions as a double validation mechanism to

provide an accurate October 1 special education child count for all PEAs throughout the state. This application depends on the ADE student accountability information system (SAIS, or what is now called AzEDS). There are a variety of integrity rules that determine valid special education program data submission for students throughout the state. This is to ensure a valid and accurate child count to provide accurate allocations for the base allocation. This data source has unique valid data back to the 2002–2003 school year.

The secondary data source is the ADE entity management system called Enterprise. It houses for-profit status, operating status, address, grades served, and other factors used in determining logic decisions for the base calculations. Enterprise has a history archive that goes back to about FY 2000 to reflect how the entities existed at that time. For the purposes of the recalculation, history tables were used to determine accurate adjustments for each year leading up to the current year. Every year, ESS will work with the School Finance division and the Arizona Charter Board Association to ensure it accurately tracks PEA changes.

Each year, the ESS Program Management team will scan all ESS Census submissions to review all PEA data for PEAs that may not have a base allocation. Even if they do not notify ESS, a base allocation will be generated on their behalf as these entities are entitled to IDEA funds. The generation of funds does not guarantee a loading of funds necessarily, as that is dependent upon notification through the charter school expansion process. The ESS Census is overseen by the ESS Data Management group and both teams are overseen by ESS Director of Operations and the Deputy Associate Superintendent for ESS.

The ESS Program Management team will provide a double check on timelines and processing of base calculation adjustments. The ESS Data Management team will provide validation and oversight on the ESS Census process. The ESS Information Technology team will provide validation on the database queries created by the ESS Program Management team.

Population and Poverty

34 CFR §300.705, 34 CFR §300.808, 34 CFR §300.816, 34 CFR §300.817

Introduction

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Purpose

The funding formulas for sections 611 and 619 are similar in process but have different details in their calculations. They are primarily outlined in 34 CFR §§300.705 and 300.816. This document will describe the specific calculation for the IDEA Allocation for the remaining funds after the base has been awarded; these funds are disbursed using an allocation that is split between population and poverty for the state.

Guideline

The population and poverty proportion of the allocations use AzEDS and the October 1 Enrollment process to determine each eligible PEA's share of the allocation. Both sections 611 and 619 share the same common formula. The funds in these pools are the amount that remains after the base has been allocated and flows to PEAs in the following manner:

- The population allocation is 85 percent of any remaining funds distributed to those LEAs on the basis of the relative numbers of children enrolled in public and private elementary schools and secondary schools within the LEA's jurisdiction
- The poverty allocation is 15 percent of those remaining funds distributed to those LEAs in accordance with their relative numbers of children living in poverty, as determined by the SEA

While the calculations for poverty and population are proportional based on all students enrolled between the ages of 3–21, the eligibility for the IDEA Preschool (section 619) grant is determined based on a PEA's eligibility to provide special education services for 3–5-year-olds. Additionally, while the base amount is calculated first in the IDEA calculations, it is not required for the PEA to have a base amount in order to generate an allocation for population and poverty.

Data Sources and Processes

ESS uses two primary and one secondary data source for calculating the proportion of population and poverty for PEAs in Arizona. First, the unit relies on AzEDS data submissions and a processing

known as October 1 Enrollment. Second, ESS uses Enterprise and its functionality as described in the base calculation section. Finally, ESS uses supplement national school lunch program to provide poverty representation in tandem with AzEDS.

The October 1 enrollment process is a scripted query used to remove duplicate student enrollments throughout the state. This is required for our federal data submissions through EdFacts for a variety of federal programs. Since Arizona allows concurrent enrollment, the agency has a need to provide smart logic to determine a single district of responsibility to be the primary PEA for a student. This process looks at a variety of metrics for the student to determine these values. This information is generally provided between March and May of any given school year and relies on AzEDS data submissions from PEAs.

From the October 1 enrollment information, ESS can evaluate which students have been identified as free or reduced lunch eligible based upon PEAs' reporting of their students. These values would also flag delinquent and homeless students as eligible for free and reduced lunch. ESS also relies on Health and Nutrition (H&N) school lunch program information to determine a poverty measure for every PEA (by school site) in Arizona that participates in the National School Lunch Program. They provide a percentage representation that can be normalized to October 1 values to provide counts for any PEAs that do not report into AzEDS. In many cases, information provided by H&N is more accurate than a PEA's reporting of students into AzEDS. Based upon this idea, ESS evaluates both data sources and uses the higher percentage representation of poverty at every site as their count of students in poverty.

The October 1 Enrollment process is validated by the agency's IT department with stakeholders throughout the agency providing guidance. (ESS is a major stakeholder and created the most recent process.) Health & Nutrition information is vetted by the H&N section through a variety of individuals and is validated through H&N's software applications and through respective data owners.

For a current year allocation, ESS will use the most recent submission of October 1 data to provide accurate allocations for an upcoming funding application.

State Set-Asides

34 CFR §300.704, 34 CFR §300.812

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Purpose

Every year, the ADE ESS and Early Childhood units take set-asides from the allocation to support statewide efforts, monitoring, and operations for the grant. This is to provide general supervision to meet the assurances that ESS has submitted to the Office of Special Education Programs as part of our federal award application.

Guideline

ESS and Early Childhood sections take set-asides from the total federal award to ensure the agency operates certain functions or capacities. Both ESS and Early Childhood take an administrative set-aside from section 611 and section 619, respectively. Beyond this, ESS takes a set-aside for dispute resolution, provision of technical assistance, professional learning, and monitoring activities. Early Childhood also takes a set-aside for state-level activities. After the set-asides are accounted for, approximately 92% of the funds for section 611 are awarded to PEAs through grants and 76% of the section 619 funds are awarded to PEAs for flow-through.

Reallocation of Funds

34 CFR §300.705, 34 CFR §300.808, 34 CFR §300.816, 34 CFR §300.817

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Purpose

Throughout any given school year, there may be reasons for a redistribution of funds. This document will describe the details in which ESS can redistribute those funds in accordance with federal requirements.

Guideline

ESS has the option to reallocate funds from entities that have been determined to be providing a free appropriate public education (FAPE) to any other PEA that has been identified as unable to provide FAPE. Additionally, any PEA that has decided not to apply for (or waived) the funds by the grant application deadline in the Grants Management system will have its funds redistributed to all other eligible PEAs before the end of the year under certain conditions; this redistribution applies differently for section 611 and section 619. ESS can recoup the funds for state-level use if the agency has not taken the maximum set-aside allowed. Alternatively, ESS can redistribute the funds to all PEAs, as long as ADE has determined all PEAs are adequately providing special education and related services to all eligible students.

Determination of FAPE is dependent upon monitoring evaluations, dispute resolution findings, PEA audit findings, up-front assurances, and other agency risk assessments.

If a reallocation of funds has happened, ESS will notify PEAs of the changes either through a statewide notification for total readjustments or through specific correspondence.

Closing Charter Schools

When a charter school closes, ESS will redistribute the funds in the following manner:

1. The base amount will flow to the district that is responsible for the geographic boundaries that the charter is located within
 - a. If there are overlapping districts, the amount will be proportioned to the grades serviced for each district

The population and poverty amounts will be proportioned out to every PEA in the state in the overall allocation for each part of the funding formula.

Timelines

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Purpose

This document provides a general timeline of processing for the IDEA entitlement allocations. There may be some variance dependent upon external systems and lag times in any given school year.

Timeline

In normal operating years, ESS will process the funding awards according to the following timelines:

May

- Gather October 1 Enrollment and Census Data
- Gather updated information on entities in the state (openings/closures)

June

- Receive IDEA Federal Award letter and documentation
- Generate allocations and process tracking of ESS Census information
- Publish allocations on the ESS website and notify PEAs of this allocation publishing through listserv notifications
- Load allocations into the Grants Management system
- Notify all PEAs of IDEA Basic and Preschool applications that will open in the beginning of July

July

- Open grants in the first two weeks of July
- Notify all users that the IDEA Basic and Preschool applications are open
- Process grants after submission in as timely a fashion as possible and work pre-award costs agreements as appropriate

September

- Gather all new or expanding charter requests
- Notify charters of the data submissions they must have submitted in a timely fashion after October 1

October

- Pull new or expanding charter information
- Determine if expanding charters meet the definition of significant expansion as determined by ESS
- Calculate approximate allocations
- Notify new and expanding charters of the results of their allocations (or no allocations if they are expanding and are not eligible for expansion)
- Load new allocations

January

- Work in remaining new or expanding charter requests (pro rata)
- Mimic October processes

February

- Reconcile and load in final allocation amounts into Grants Management
 - Reconciliation is optional because the differences stemmed from new or expanding charters can be reduced in the following year entitlement amount

March

- Balance the entitlement amounts to ensure funds awarded for entitlement equal the amount loaded into the Grants Management system
 - Account for the difference of new or expanding charters

New or Expanding Charters

34 CFR Part 76, Subpart H

Introduction

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Purpose

34 CFR Part 76, Subpart H describes how charters can receive IDEA Entitlement funds. The ADE requires that a charter notify ESS in order to obtain an allocation or an expansion to an allocation in the same year that the respective event occurs. This document will describe the process in which new or expanding charters can follow in order to generate a current year allocation amount or an expansion to their allocation in a given fiscal year.

Guideline

Charter schools can open anytime throughout the school year and their operations are overseen by the Arizona State Board for Charter Schools. All notifications must be provided by the charter school providing any request for new or expanding funds from the IDEA Basic grant.

Notice and Information

34 CFR §76.788 details the responsibilities a charter has in obtaining a new or expanding allocation. There are three items required:

1. Notice – At least 120 days prior to opening or expanding, the charter must notify the ADE in writing of the event and its corresponding date
2. Information

- a. The charter must provide information so that the ADE can reasonably estimate the amount of funds any charter is eligible for under IDEA Entitlement grants
 - b. Once the charter has opened or expanded, it must provide actual enrollment or eligibility data to the ADE, which is aligned to October 1 metrics (ESS Census, October 1 Enrollment & Poverty)
 - i. If a charter opens or expands after October 1, ESS will utilize an equivalent means with a different date that represents actual enrollment and eligibility data
 - c. The ADE is not required to provide funds to a new or expanding charter until the charter provides reasonable enrollment or eligibility data into AzEDS and the ESS Census (or equivalent valid system if October 1 is not valid)
3. Compliance – The new charter will comply with all federal requirements of the IDEA

ADE's Responsibilities

Upon receiving adequate notification, the ADE will provide the charter with timely communication regarding its eligibility and requirements for the IDEA Entitlement grants. If there is a failure to provide the ADE with adequate notice (Notice and Information #1), the ADE has no obligation to generate a timely allocation within five months of the opening or expansion.

ADE will reserve funds for entities that provide all of the required information before the IDEA Entitlement allocations are finished for an upcoming year. After October 1, ADE will process and generate actual enrollment and eligibility numbers to determine the allocation.

When adequate notice has been provided along with enrollment/eligibility metrics, allocations will be generated and awarded with the following timelines. If the charter opens or expands on the following dates:

- On or before November 1 – the charter will receive a full calculated amount of funds worked into the current year's overall allocation
- After November 1 and before February 1 – the charter will receive a pro rata amount of an allocation for the period of the academic year the charter is under the covered program
- On or after February 1 – the charter will receive an allocation from the following year's allocation

Significant Expansion

34 CFR §76.787 defines significant expansion of enrollment:

“a substantial increase in the number of students attending a charter school due to a significant event that is unlikely to occur on a regular basis, such as the addition of one or more grades or

educational programs in major curriculum areas. The term also includes any other expansion of enrollment that the SEA determines to be significant.”

Non-regulatory guidance from the CSEA (Charter School Expansion Act) allows further flexibility in how states determine significant expansion for federal programs:

“ . . . the final regulations give States unfettered discretion to determine any expansion of enrollment to be significant within the meaning of the final regulations, the State could, in its discretion, make a determination that a charter school has undergone a significant expansion of enrollment based on an increase in the number of children with disabilities attending the charter school.”

For purposes of the IDEA Entitlement grants, the ADE has defined significant expansion to be dependent upon all of the following metrics:

- A significant event that is unlikely to occur on a regular basis;
 - Addition of one or more grades
 - Addition of a new site under the same Charter LEA (PEA)
 - Addition of a major educational program that services students with disabilities
 - Other unique events (requires supporting documentation)
- Increase in enrollment of at least 30% from the prior year’s October 1 enrollment (or static calendar date if Oct 1 is not applicable); and
- Increase in SPED students of at least 30% counted on the ESS Census child count (or similar calendar date if Oct 1 is not applicable)

Calculation

ESS uses the same data sources for new/expanding charter schools as any other PEA described in the respective allocations for the base, population, and poverty. The calculations are the same for each respective section, but the data processing differs depending upon the timeliness of the notification. ESS will always use current year numbers for the charter school, but may rely upon prior year information for other PEAs for an initial allocation. By the end of the year and before awarding the next year’s allocation to PEAs, ADE will reconcile the adjustments and recalculate all new/expanding charter schools with every PEA’s current year numbers. ESS can apply the difference within the same current year or in the ADE’s following year federal award as per 34 CFR §76.797.

Statewide Reductions for Section 619

34 CFR §300.810

Introduction

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Purpose

In some school years, funds may be lacking that would normally enable section 619 to generate an allocation for population and poverty. This document will describe what ESS does during years in which a funding reduction takes place.

Guideline

In the years that the entitlement amount after the state set-aside is less than 75% of what was awarded to Arizona in FFY 1997 (section 619), each PEA's allocation must be ratably reduced to ensure that each entity gets awarded as close as possible to the base amount if no reduction was in place. In these cases, no population or poverty allocations would be generated for any PEA

Disputing an Allocation

Introduction

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Purpose

PEAs have the right to submit an informed notification disputing the amount allocated to ESS. This notification should provide evidence supporting the PEA's argument in order for ESS to provide an accurate review and resolution to the request.

Guideline

If a PEA provides a written notification that they wish to dispute an allocation amount, ESS will review the initial notification and provide a response with further instructions within 45 calendar days. Afterward, the PEA must then provide reasonable documentation based upon the timelines established in the ESS instructions in the PEA's initial response. Disputing an allocation does not stop or modify a current allocation in any way until a final determination has been made. During this process, the PEA must provide clear evidence of the way their allocation was calculated incorrectly and what data sources were invalid. If the allocation was generated based upon negligence on the part of the PEA (inaccurate data submissions), ESS is under no obligation to recalculate the data or the allocation. Finally, alternative data sources beyond ESS Census or October 1 Enrollment will not be considered valid in calculations unless they are vetted by all of the stakeholders using the current processes.

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Fiscal Monitoring

The following sections use external guidelines from the Arizona Grants Management found on the [Grants Management Enterprise \(GME\) System homepage](#).

LEA Responsibilities in the Fiscal Monitoring Process

Overview

The Grants Management (GM) has responsibility (per Uniform Grant Guidance) for fiscal oversight of LEAs that receive state and/or federal funds. To ensure that LEAs are monitored in a consistent and efficient manner, it is essential for documentation to be submitted within indicated timelines. If an LEA does not respond to initial communication received from GM staff or the Engagement Letter to provide documentation requested, all grant expenditures could be disallowed.

Additionally, when requirements are not met the LEA will be placed on a global hold (unable to access funds) until the requirement is met.

Policy

The LEA will be notified that a fiscal monitoring audit is initiated, and GM staff will assign the fiscal monitoring update (FMU) role to the designated LEA representatives. LEA vendors (educational consultants) may be assigned the FMU roles; however, they cannot be solely assigned the FMU role. An authorized LEA employee must always have the FMU role and remain actively involved throughout the fiscal monitoring process.

The LEA will have five (5) business days from the date of the Engagement Letter to provide the initial fiscal documentation, which will include the Detailed Expenditure Reports for all grants monitored and selected internal LEA policies and procedures.

If documentation is not received from LEA within five (5) business days:

1. The fiscal monitoring auditor will contact the LEA on business day six (6) to follow up.
2. If documentation is not received by business day nine (9), then on business day ten (10) the LEA will be placed on a global hold (unable to access funds) until the requirement is met.

If documents are received within five (5) business days:

1. The fiscal monitoring auditor will follow up with the LEA and select sample expenditures to test against applicable state and federal standards and internal LEA policies and procedures.
2. The LEA will have five (5) business days to respond with the supporting documentation requested to substantiate the selected expenditures.
3. If additional supporting documentation is needed, the fiscal monitor auditor may follow up with the LEA and request additional documentation.

The fiscal monitoring team will review the supporting documentation substantiating the expenditures.

1. If there are no issues identified, GM staff will close the monitoring and no further action will be required from the LEA. Even in the absence of audit findings, GM staff may choose to provide the LEA with technical assistance regarding the management of federal grants, as appropriate.
2. The GM staff may identify a single issue or multiple issues that will warrant a fiscal monitoring audit finding to be issued to the LEA. These findings may include associated questioned or disallowed costs.

If the LEA is issued an audit finding, the LEA will have ten (10) business days to submit a Corrective Action Plan (CAP).

1. If the LEA disagrees with the audit findings and has additional supporting documentation available for review, the LEA may request a Preliminary Findings Review during this timeframe. The LEA can make a formal request, via GME, indicating the reason for their request. The LEA has the ability to upload additional supporting documentation to substantiate their claim once the request for Preliminary Review is approved.
2. If the LEA agrees with the audit findings, the LEA will acknowledge the audit findings and submit a CAP, addressing all audit findings issued.
 - a. If the CAP is submitted on time and is accepted by grants management staff, the fiscal monitoring will be closed. Incomplete CAPs will not be accepted and may be returned to the LEA for edits.
 - b. If the CAP is not submitted on time, a hold will be placed on the LEA's GME account until an acceptable CAP is submitted.

Audit findings issued for disallowed costs will require the LEA to revise their respective completion reports and return the disallowed costs to ADE. The LEA must work with their assigned grants management Grants Coordinator to complete the completion report revision process and return the funds to ADE in a timely manner. A hold, or other sanctions may apply, if the LEA is non-compliance with this process.

Funding Application, Expenditure Report, and Completion Report Parity

Overview

The funding application budget and narrative, expenditure report and completion report are inter-related and together provide a foundation for ensuring budgeted funds are spent in accordance with how they were allocated.

Terms

Funding Application Budget and Narrative: An estimate of costs, revenues, and resources over a specified period and reflecting specific details for object codes.

Expenditure Report: An accounting of actual expenditures over a specific time frame.

Completion Report: A requirement of Arizona Department of Education provided to LEAs through accounting software and contains final expenditure amounts. The completion report is completed at the end of each grant project in the funding application and noted in the Grants Management Enterprise (GME) system.

Policy

The funding application budget and narrative, expenditure report and completion report together provide the information needed for Grants Management fiscal monitoring to accurately determine if actual expenditures incurred by the LEA correspond to the completion report and funding application.

The cycle includes:

1. The LEA submits the funding application budget and narrative through GME for Program Area approval. Revisions are made throughout the project lifecycle when the scope and/or budget changes; updates are subject to approval.
2. The LEA submits the completion report in GME, within 90 days of the project end date.
3. Grants Management Fiscal Monitoring Lead Auditor notified the LEA in writing that an audit is beginning and request the expenditure report. The LEA has five (5) business days to submit the required documentation.
 - a. The completion report expenditures must reflect the LEA expenditure report data. Parity between the completion report and the expenditure report allow the completion report to be processed. A review of the funding application budget and narrative is used to ensure approval prior to the completion report.

- b. The approved funding application budget must correspond to the approved completion report. Variations that do not change the scope of the project are allowed. Variations that change the scope outlined in 2 CFR 200.308(b) require a revision to the funding application. Prior written approval is specifically required for allowability under certain circumstances, as outlined in 2 CFR 200.407. LEAs can exceed ten percent (10%) or \$1,000 of the budgeted line item, but can never exceed the total allocation. If the deviation is higher than 10%/\$1,000, GME will require a budget revision. Charters may be exempt from the USFRCS but must provide documentation or a crosswalk for accounting codes.
- c. The completion report and the expenditure documentation must be an exact match.

Discrepancies between the final expenditure report and the completion report may result in findings with questioned or disallowed costs. If the fiscal monitoring results in findings with disallowed costs, the LEA need provide a completion report revision.

However, discrepancies between the funding application budget and the expenditure report will not always result in a finding. Some variations are allowed when the variation does not change the scope of work or requires a Budget Revision.

Procurement Policy

Overview

The Arizona Department of Education (ADE) Fiscal Monitoring unit is responsible for overseeing that that Local Educational Agencies (LEAs) are in accordance with the fiscal terms, conditions and specifications of their funding applications.

Finding: A financial or compliance component identified as a part of the fiscal monitoring process that needs to be changed or adjusted to adhere to regulation guidelines.

Corrective Action Plan (CAP): A finding must be addressed through the creation of a Correction Action Plan. Each CAP must include an action plan for each finding, the name and title of the person responsible (responsible party) for ensuring the action plan is implemented, and the implementation date indicating when the action plan will be completed. Each finding may have one, or multiple, action plans.

Policy

ADE Grants Management fiscal monitoring is responsible for overseeing that LEAs are in compliance with Uniform Grant Guidance (UGG) procurement policy 2 CFR §200.318 - 200.326 and to address remedies for noncompliance as stated in 2 CFR §200.338.

To determine that procurement procedures adhere to UGG (as noted above), fiscal monitoring reviews the LEA's detailed expenditure report to ensure parity with their completion report. The fiscal monitor must be able to match expenditure report line items to a specific grant and ensure that costs appropriately adhere to the scope of that grant. The LEA's procurement policy will be reviewed when contracts for services or products are listed on the expenditure report. The procurement policy must be consistent with state and federal guidelines that relate to grant management, and the LEA must adhere to their own policy. Line items not adequately documented, or when other inconsistencies are identified, additional materials will be reviewed that include (but not limited to): purchase orders, invoices, contracts, policies, etc.

If the requested materials are not provided or are provided but do not clarify the connection between the purchased item or service, the LEA is cited with a finding. The LEA must create a Corrective Action Plan (CAP) to address the finding.

Single Audit Corrective Action Plan and LEA Responsibilities

Overview

A single audit needs to be completed annually for all LEAs that expend \$750,000 or more in Federal funds per 2 CFR 220.501. The single audit must be completed by an independent certified public accountant within nine (9) months after the close of the fiscal year (FY) and be submitted within those nine (9) months, or 30-days after the LEA receives the single audit by the independent certified public accountant, whichever is first.

Exception: Bureau of Indian Education (BIE) operated schools are not required to provide a single audit to ADE. Tribally run schools are still required to provide a single audit packet.

Terms

Single Audit: In the United States, the single audit, is a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of federal funds for educational programming. Usually performed annually, the Single Audit's objective is to provide assurance to the US Federal

government as to the management and use of such funds by recipients. The audit, typically performed by an independent certified public accountant (CPA), encompasses both financial and compliance components.

Corrective Action Plan (CAP): Upon completion of the single audit, the CPA will determine the status of financial and compliance components. If any financial or compliance component needs to be changed or adjusted this is considered a finding. If the CPA issues a finding, then the LEA must develop a Corrective Action (CAP). Each CAP must include an action plan for each finding, the name and title of the person responsible (responsible party) for ensuring the action plan is implemented, and the implementation date indicating when the action plan will be completed. Each finding may have one, or multiple, action plans.

Programmatic Area Review: Determines that grant funds are used in a manner that aligns with the grant goals and rules.

Fiscal Area review: Determines the use of grant funds is in line with all regulations (UGG, EDGAR, etc.) and ensures expenditures are properly documented. Grants Management Fiscal Monitoring is responsible for overseeing implementation of CAP findings.

Global Hold: Local Education Agency's approved funding applications will not receive fund disbursements and new funding applications will not be approved.

Policy

LEAs are responsible for submitting the single audit to the Federal Audit Clearinghouse and ADE. Management Fiscal Monitoring Unit is responsible for reviewing the completed single audit and CAP to ensure compliance with federal guidelines within six (6) months of receipt. Upon review of the CAP, Fiscal Monitoring will have three (3) business day to determine if the CAP:

- needs programmatic review
- is in an approval state
- is not in an approvable state

Actions Taken

CAP needs Programmatic Review

When programmatic review is needed, the Grants Auditor will follow up with the program area. The program area Program Specialist has five (5) business days to respond. If no action is taken after five

(5) days, Fiscal Monitoring will follow up with a second request and the Program Specialist will have an additional four (4) business days to respond. If no response is received by business day ten (10), the Director of Federal Monitoring and Deputy Associate Superintendent of Grants Management will follow-up with the Program Area Director. The Program area must review and respond within five (5) business days, which would be fifteen (15) business days from the original request.

CAP in an Approvable State

The CAP is in an approvable state when it is completed by an independent certified public accountant (CPA) within nine (9) months after the close of the fiscal year (FY) and submitted within those nine (9) months, or 30 days after the LEA receives the single audit by the independent CPA, whichever is first. The CAP must not require programmatic review and each finding must include: an action plan, the responsible party and the implementation date. The LEA will be notified, in writing, within three (3) business day that the CAP is approved.

CAP is not in an Approvable State

Fiscal Monitoring will contact the LEA to clarify the actions needed to transform the CAP into an approvable state. The LEA will have five (5) business days to comply. If the LEA does not respond during this time, on business day six (6) Fiscal Monitoring will contact the LEA. If the LEA does not complete the necessary actions by business day ten (10) the LEA will be placed on a global hold. The global hold will remain in place until the necessary actions are completed to transform the CAP into an approvable state. The LEA can appeal the global hold. Please see Grants Management Appeal Process Policy for more information.

CAP Findings Follow Up

As a courtesy the LEA may follow up with ADE when a finding's action plan has been completed prior to the implementation date. To ensure that every CAP finding is corrected, Fiscal Monitoring will follow up with the LEA within five (5) business days of each CAP finding implementation date. If the action plan has not been completed the LEA will have five (5) business days to complete the action needed or request an implementation date extension.

To request an extension the LEA must provide, in writing, the rationale for the needed extension and include the responsible party and updated implementation date. Grants Fiscal Monitoring will review the request internally and include approval from Federal Monitoring Director if needed. The LEA will be notified within five (5) business days if the extension is approved or denied. If the extension is denied, and the finding's action plan has not been implemented, the LEA is placed on global hold.

The LEA can appeal the global hold. Please see Grants Management Appeal Process Policy for additional information.

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ESS Program Management

This section is under construction and will be updated soon.

Applying for IDEA Part B Funding Applications

TBD

Allowable Costs Under the IDEA

TBD

IDEA Maintenance of Effort

TBD

Proportionate Share

TBD

Comprehensive Coordinated Early Intervening Services

TBD

ESS Claims: Arizona's High Cost Child Fund

TBD

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