



# Special Education Fiscal Monitoring Report of Compliance

California Department of Education

## **Purpose of the report of compliance:**

The Federal Individuals with Disabilities Education Act (IDEA) Part B 611 and 619 grants are subject to federal and state monitoring requirements. These monitoring reviews focus on compliance with federal and state programmatic and fiscal requirements. This fiscal monitoring report will be provided to each LEA within 60 days of the completion of the review. Each finding of non-compliance must be corrected as soon as possible-and in no case greater than one year from the date on the monitoring report.

## **Abbreviations:**

CFR – Code of Federal Regulations

FFY – Federal Fiscal Year

LEA – Local Educational Agency

SEA – State Education Agency

CDE – California Department of Education

MOE – Maintenance of Effort

ESEA – Elementary and Secondary Education Act

## 2025 SED Fiscal Monitoring Compliance Report

### **SED 01: Written Policies and Procedures (34 CFR § [300.201](#) and 2 CFR §§ 200, et al.)**

The LEA, in providing for the education of children with disabilities within its jurisdiction, must have in effect policies, procedures, and programs that are consistent with the State policies and procedures established under 34 CFR §§ [300.101](#) through [300.163](#), and §§ [300.165](#) through [300.174](#).

#### **Compliance Determination**

Compliant – LEA demonstrated internal controls and assurances in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

Non-Compliant – LEA failed to demonstrate internal controls and assurances in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

#### **Corrective Action**

LEA must provide within 60 days board approved written policies and procedures demonstrating internal controls and assurances in the following areas of deficiency: [areas of deficiency]

- Policies and Procedures for Allowable Use of Funds/Cost principles: [2 CFR Part 200, Subpart E](#)
- Policies and Procedures for Procurement: [2 CFR § 200.318 -327](#)
- Policies and Procedures for Time and effort: [2 CFR § 200.430\(a\)](#), [200.430\(i\)](#),
- Policies and Procedures for Inventory management: [2 CFR § 200.313](#)
- Policies and Procedures for Cash management: [2 CFR § 200.305](#)
- Policies and Procedures for Conflict-of-interest policy: 2 CFR §§ [200.3182](#), [200.319](#) (c)
- Policies and Procedures for Fiscal records retention: [2 CFR § 200.334](#)
- Policies and Procedures for Travel Policy: [2 CFR § 200.475\(b\)](#)

### **SED 02: Maintenance of Effort (34 CFR §§ [300.203](#), [300.204](#), [300.205](#))**

LEAs are required to expend at least the same amount of local or local plus state funds for each fiscal year on the delivery of Special Education and related services, as were expended in the last year the district met the MOE test which can be met with total funds or per capita.

## **Compliance Determination**

Compliant – LEA passed maintenance of effort, with or without a valid exception.

Non-Compliant – LEA failed to meet maintenance of effort, with or without a valid exception.

## **Corrective Action**

LEA must remit to CDE within 30 days an amount equal to the amount by which the LEA failed to maintain its level of expenditures or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

## **SED 03: Excess Cost (34 CFR §§ [300.16](#), [300.202](#), [Appendix A to Part 300](#))**

Amounts provided to the LEAs under IDEA Part B must be used only to pay the excess cost of providing Special Education and related services to children with disabilities, and must be used to supplement State, local, and other Federal funds and not to supplant those funds.

## **Compliance Determination**

Compliant – LEA passed excess cost.

Non-Compliant – LEA failed to meet excess cost.

## **Corrective Action**

LEA must remit to CDE within 30 days an amount equal to the amount by which the LEA failed to compute excess costs or the amount the LEA failed to spend the minimum average amount for education of its children with disabilities before funds under Part B of the Act in that fiscal year.

## **SED 04: Allowable Costs (2 CFR Part 200 [Subpart E](#) and [Subpart F](#), [2 CFR § 200.403](#), [34 CFR § 300.202](#))**

The LEA is required to have a system of internal control which provides reasonable assurance that all costs charged to the programs are reasonable, necessary, and allowable in accordance with applicable statutes, regulations, and program plans.

## **Compliance Determination (Compliant/Non-Compliant)**

Compliant – LEA documented that IDEA expenditures are necessary, reasonable, allocable, and consistent with the LEA policies.

Non-Compliant – LEA failed to ensure that IDEA that expenditures are necessary, reasonable, allocable, and consistent with the LEA policies.

## **Corrective Action**

LEA must remit to CDE within 30 days evidence that all identified unallowable costs charged to IDEA are reimbursed through alternate funding sources.

## **SED 05: Property and Inventory Management (2 CFR Part 200 Subpart E and [Subpart F, 2 CFR § 200.403, 34 CFR § 300.202](#))**

The LEA is required to have a system of internal control which provides reasonable assurance that all supplies, equipment, and property charged to the programs are acquired, used, maintained, and disposed of in accordance with Uniform Grant Guidance.

## **Compliance Determination**

Compliant – LEA documented that purchases under IDEA are necessary, reasonable, allocable, and consistent with the LEA policies and that all supplies and equipment are appropriately tracked and assigned by the LEA.

Non-Compliant – LEA failed to documented that purchases under IDEA are necessary, reasonable, allocable, and consistent with the LEA policies and that all supplies and equipment purchased are appropriately tracked and assigned by the LEA.

## **Corrective Action**

LEA must provide within 60 days updated and board approved written policies and procedures demonstrating internal controls and assurances for Property and Inventory management.

## **SED 06: Time and Effort (2 CFR §§ [200.430\[a\]](#) and [\[i\]](#), [300.202](#))**

The LEA must ensure that all salaries and wages charged to federal programs are based on records that accurately reflect the work performed and are supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated in accordance with federal, state, and program requirements.

## **Evidence Reviewed**

- Actual account of expenditures
- Gross Payroll Report
- Personnel Activity Reports
- Semi-Annual Certifications
- Certified and non-certified special education staff assignment lists

- Timesheets and payroll records

## **Compliance Determination**

Compliant – LEA allocated and spent special education resources appropriately for special education staff and the provision of special education services.

Non-Compliant – LEA failed to allocate and spend special education resources appropriately for special education staff and the provision of special education services.

## **Corrective Action**

LEA must provide within 60 days updated and board approved written policies and procedures demonstrating internal controls and assurances for Time and effort management.

## **SED 07: Coordinated Early Intervening Services (34 CFR §§ [300.226](#), [300.646](#))**

An LEA identified with significant disproportionality based on race and ethnicity must reserve 15 percent of its IDEA, Part B funds to provide comprehensive CEIS. An LEA may use funds reserved for comprehensive CEIS to serve children from age 3 through grade 12, particularly, but not exclusively, children in those groups that were significantly over-identified, including children not currently identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general education environment and children with disabilities.

LEAs that voluntarily opt to use IDEA funds for CEIS may use up to 15 percent of their allocation for this purpose. These funds must be used for children in grades K–12, not including preschoolers, who are not currently identified as needing special education or related services.

## **Compliance Determination**

Compliant – LEA reserved and used the appropriate amount of IDEA funds for comprehensive or voluntary CEIS.

Non-Compliant – LEA failed to reserve and appropriately use the amount of IDEA funds for comprehensive or voluntary CEIS, as required.

## **Corrective Action**

LEA is mandated to engage in additional reporting activities to the LEA Superintendent and local governing board. The CDE Special Education Division will engage with the LEA on further follow-up activities to ensure future compliance with comprehensive or voluntary CEIS.

## **SED 08: Proportionate Share (34 CFR §§ [300.129](#)–[300.144](#))**

LEAs are required to serve children with disabilities who are parentally-placed in private schools and home-schooled. LEAs must use their proportionate share funds to pay for services provided to parentally-placed children with disabilities attending private schools and home schools.

### **Compliance Determination**

Compliant – SELPA ensured that a proportionate share of their IDEA funding had been correctly calculated for each member LEA and used to pay for services provided to parentally-placed children with disabilities attending private schools and home schools.

Non-Compliant – SELPA failed to ensure that a proportionate share of their IDEA funding had been correctly calculated for each member LEA and failed to use the funds to pay for services provided to parentally-placed children with disabilities attending private schools and home schools.

### **Corrective Action**

SELPA must provide within 30 days evidence that a proportionate share of their IDEA funding had been correctly calculated for each member LEA. In addition, the SELPA must develop and submit internal control documentation that will ensure proportionate share funds will be used to pay for services to parentally-placed children with disabilities attending private schools and home schools.

## **SED 09: Single Audit Findings ([2 CFR Part 200 Subpart F](#) and [2 CFR § 200.521](#))**

Uniform Guidance states that non-Federal entities that expend \$750,000 or more in federal awards during their fiscal year must have a Single Audit or Program-Specific Audit conducted for that year. A Single Audit or Program-Specific Audit examines compliance with the regulations governing the use of the funds. The CDE determines if the Single Audit or Program-Specific Audit conforms to the Uniform Guidance, reviews all findings, and ensures subrecipients take timely and appropriate action on all deficiencies relating to special education.

### **Compliance Determination**

Compliant – LEA has no outstanding Single Audit findings.

Non-Compliant – LEA has outstanding Single Audit findings.

### **Corrective Action**

LEAs must work with the Single Audit Team and the Special Education Fiscal Team to resolve audit findings. Documentation of correction must be provided within 30 days. Additional corrective measures may be required.