



Special Education Fiscal Monitoring Instrument

California Department of Education

Purpose of the instrument:

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 instrument sets forth the tool for fiscal monitoring review of IDEA Part B funds grant recipients. Reviews may be done in the form of a desk and/or on-site review and incorporate a collaboration of program and fiscal staff. A monitoring report including items of compliance and non-compliance will be sent 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.

Fiscal review items vary in level and frequency of review. Evidence for items may be collected and verified by CDE annually, but during a fiscal monitoring review, annual reports since the last fiscal monitoring review will be summarized with a determination of compliance. Specific review levels and frequency are included with each instrument item.

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

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

LEA written policies and procedures will be reviewed during a fiscal monitoring review.

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](#).

Financial Management Systems (2 *CFR* §200.302)

Evidence Requests

- 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\(b\)](#)

Compliance Standard (Compliant/Non-Compliant)

- LEA must demonstrate internal controls and assurances in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- Failure to demonstrate internal controls and assurances will result in corrective action.

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

LEA maintenance of effort reports will be collected and verified annually. During a fiscal monitoring review, annual maintenance of effort reports since the last fiscal monitoring review will be reviewed.

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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.

Per the requirements of IDEA Part B, an LEA may reduce the level of expenditures below the level of those expenditures for the preceding fiscal year if the reduction is attributable to any of the following allowable exceptions:

- (a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- (b) A decrease in the enrollment of children with disabilities.
- (c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the state educational agency, because the child — (1) Has left the jurisdiction of the agency; (2) Has reached the age at which the obligation of the agency to provide a free appropriate public education (FAPE) to the child has terminated; or (3) No longer needs the program of special education.
- (d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.
- (e) The assumption of cost by the high-cost fund operated by the SEA under § 300.704(c). Exception (e) would not be applicable to California districts as California does not operate a high-cost fund.

Evidence Requests

- Subsequent Year Tracking Worksheet
- SACS SEMA and SEMB Reports
- LEA Maintenance of Effort Exception Worksheet (if applicable)

Compliance Standard (Compliant/Non-Compliant)

- LEA must pass maintenance of effort, with or without a valid exception.
- Failure to pass LEA MOE Compliance Standard will result in an invoice from the CDE. The invoice amount is 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.

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

LEA excess cost reports will be collected and verified annually. During a fiscal monitoring review, annual excess cost reports since the last fiscal monitoring review will be reviewed.

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. Excess costs are those costs for the education of an elementary school or secondary school student with a disability that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate.

[34 CFR § 300.16](#): Excess costs computed after deducting amounts received under Part B of the Act, under Part A of Title I ESEA, under Part A of Title III ESEA, and any State or local funds expended for programs but excluding any amounts for capital outlay or debt service.

[34 CFR § 300.202](#): Only for excess costs of providing special education and related services to children with disabilities. The excess cost requirement will be met if the LEA has spent at least a minimum average amount for the education of its children with disabilities before funds under Part B of the Act are used.

[Appendix A to Part 300](#): Amounts provided to an LEA under Part B of the Act may be used only to pay the excess costs of providing special education and related services to children with disabilities.

Evidence Requests

- Excess Cost Calculation Workbook

Compliance Standard (Compliant/Non-Compliant)

- LEA must pass excess cost
- Failure to pass excess cost will result in an invoice from the CDE. The invoice amount is an 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.

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

LEA allowable costs will be reviewed during a fiscal monitoring review.

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.

[2 CFR Part 200 Subpart E](#) and [2 CFR Part 200, Subpart F](#): general criteria must be met in order for a cost to be allowable under any Federal award ([2 CFR § 200.403](#) Factors Affecting Allowability of Costs, and [34 CFR § 300.202](#) Use of Amounts).

Evidence Requests

- Chart of Accounts
- LEA ledgers by resource
- LEA expenditure reports (detailed/itemized)
- Invoices, upon request

Compliance Standard (Compliant/Non-Compliant)

- LEA must document that expenditures are necessary, reasonable, allocable, and consistent with the LEA policies.
- LEA must ensure that IDEA funds are utilized for professional development activities according to IDEA requirements.
- Failure to meet compliance standards for allowable use of IDEA funds will result in corrective action.

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

LEA property and inventory management will be reviewed during a fiscal monitoring review.

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.

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[2 CFR 200.313](#) (a) Equipment Title and Use

- (1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- (2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.
- (3) Use and dispose of the property in accordance with paragraphs (b), (c), and (e) of this section.

[2 CFR 200.313](#) (d) Equipment Management

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Evidence Requests

- Property Records
- Physical Inventory
- LEA ledgers by resource
- Invoices, upon request

Compliance Standard (Compliant/Non-Compliant)

- LEA must document that purchases are necessary, reasonable, allocable, and consistent with the LEA policies.
- LEA must demonstrate that all supplies and equipment, e.g., assistive technology devices, electronics, orthopedic equipment, visual aids, purchased by the LEA with IDEA funds for instructional and educational use, are appropriately tracked and assigned by the LEA.
- Failure to meet compliance standards for property and inventory management will result in corrective action.

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

LEA time and effort will be reviewed during a fiscal monitoring review.

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 Requests

- 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 Standard (Compliant/Non-Compliant)

- LEA must allocate and spend special education resources appropriately for special education staff and the provision of special education services.
- LEA time and effort expenditures must reconcile to the payroll report.
- Failure to comply with the requirements of time and effort will result in corrective action.

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

LEAs that have participated in CEIS or CCEIS since the last fiscal monitoring review will be reviewed.

[34 CFR § 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. Comprehensive CEIS encompasses a broad range of activities that include professional development and educational and behavioral evaluations, services, and supports. 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-

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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.

[34 CFR § 300.226](#): 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. The group of students who can be served by these voluntary funds are those who are not currently identified as needing special education or related services. No budget is required to be submitted to the CDE; however, districts have to report to the CDE on the number of students who receive CEIS. In addition, districts have to report the number of students who receive CEIS that subsequently receive special education services within two years after receiving the Early Intervening Services.

More information regarding voluntary CEIS and mandatory comprehensive CEIS, is available at A Comparison of Mandatory Comprehensive Coordinated Early Intervening Services (CCEIS) and Voluntary Coordinated Early Intervening Services (CEIS) at https://ideadata.org/sites/default/files/media/documents/2017-09/idc_ceis_chart.pdf.

Evidence Requests

- CEIS/CCEIS Budget Plans
- CEIS/CCEIS Expenditure Reports
- CEIS/CCEIS data reporting on students receiving services

Compliance Standard (Compliant/Non-Compliant)

- LEA must document that 15 percent of its IDEA Part B funds were reserved and used to provide comprehensive CEIS, and
- LEA must not use more than 15 percent of Part B 611 and 619 funds for CEIS, and
- LEA may not limit comprehensive CEIS only to children with disabilities, and
- LEA must document the number of students receiving CEIS services and the number of students served with special education and related services.
- Failure to meet compliance requirements may result in CDE mandating additional reporting to the LEA Superintendent and local governing board.

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

SELPA proportionate share reports will be reviewed annually. During a fiscal monitoring review, annual proportionate share reports since the last fiscal monitoring review will be reviewed.

LEAs are required to serve children with disabilities who are parentally-placed in private schools and home-schooled. Home schools are considered private schools in California. The calculation of the proportionate share for each year is based on the annual count of the number of parentally-placed private school and home-schooled children with disabilities that was conducted in the previous year and reported in the IDEA Part B application for the current year. LEAs must use their proportionate share funds to pay for services provided to parentally-placed children with disabilities attending private schools and home schools. The proportionate share is based on the total allocation of resource 3310, IDEA Part B Local Assistance Entitlements Grant, Section 611 and resource 3315, IDEA Part B Local Assistance Entitlements Grant, Section 619. These calculations should be determined prior to the calculation of any CEIS or CCEIS set-aside.

In order to accurately calculate the proportionate share, each LEA must determine the number of parentally-placed eligible children with disabilities attending private schools within each member LEA (as is annually reported on the applicable CALPADS census day) for codes 200 (students with an individual service plan) and/or 700 (students eligible with no IEP).

Evidence Requests

- Proportionate Share Calculation Worksheet
- Proportionate Share Assurance Form
- Proportionate Share Use of Funds Form
- Proportionate Share Consultation Logs, upon request

Compliance Standard (Compliant/Non-Compliant)

- SELPAs must ensure that a proportionate share of their IDEA funding has been correctly calculated for parentally-placed children with disabilities attending private schools within each member LEA.
- Failure to complete the proportionate share calculator will result in the SELPA becoming ineligible to receive IDEA funds.
- If funds are not fully expended after both the initial and carryover year, the SELPA can then request that their member districts submit a letter to the CDE requesting the transfer of funds. Please defer to the conditions of the GAN for additional information and requirements.

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

LEA single audit findings related to IDEA will be reviewed during a fiscal monitoring review.

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.

Evidence Requests

- Copy of “Schedule of Findings and Questioned Costs” section from the LEA single audit over the last two years
- Evidence that Single Audit findings have been addressed

Compliance Standard (Compliant/Non-Compliant)

- LEA has no outstanding Single Audit findings.
- Failure to resolve Single Audit corrective action will result in additional corrective action from the CDE.