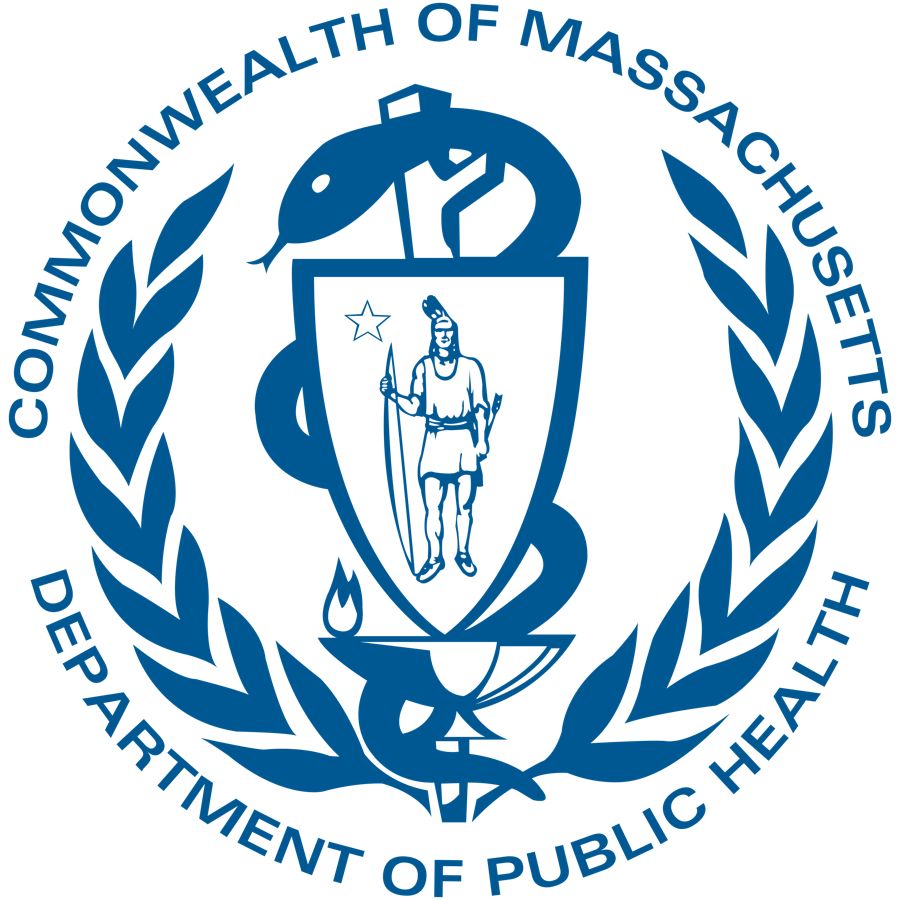
**Massachusetts Department of Public Health**



DMS 2.0 & Auditing

September 19, 2024

1

**Key Terms**

* **The Office of Special Education Programs (OSEP):** OSEP is the federal office that administers the Individuals with Disabilities Education Act (IDEA) and provides funding to states for Early Intervention services through Part C of the Act. These funds are used to reimburse for services for children who are uninsured.
* **MA Part C Program:** All parties with roles and responsibilities in the program: Families, Contracted Providers, DPH, and The Early Intervention Program
* **Lead Agency (LA):** The state department that receives the Part C grant and has the single line of responsibility

for the development and implementation of a statewide, comprehensive, coordinated, multidisciplinary interagency system that provides early intervention (EI) services for infants and toddlers with disabilities and their families.

* **Single Line of Responsibility (SLOR):** Sometimes referred to as single line of authority refers to the program, within the lead agency designated or established by the governor, which has the responsibility and authority for carrying out:
  1. General administration and supervision
  2. Identification and coordination of all available resources
  3. Assignment of financial responsibility to the appropriate agencies
  4. Development of procedures to ensure that services are provided in a timely manner pending resolution of any disputes
  5. Resolution of intra- and interagency disputes
  6. Development of formal interagency agreements
* **Cohort:** The DMS 2.0 cycle started 2016. Massachusetts is in Cohort 3 Team C. The evaluation begins August 2025 and runs through January 2026. The monitoring cycle begins two year prior to the state's engagement.
* **Payor of Last Resort (POLR):** Federal Part C dollars can only be used for EI services for an eligible infant or toddler when they are not currently entitled to receive or have payment made from any other Federal, State, local or private source (non-substitution of funds) (§303.510(a)).

**Differentiated Monitoring and Support (DMS) 2.0**

OSEP monitors all IDEA Part C and B programs through its Differentiated Monitoring and Support 2.0 system (DMS.2.0). OSEP differentiates its approach for each state based on the state's unique strengths, progress, challenges, and needs. DMS 2.0 is a cyclical monitoring process that focuses on a states’ general supervision systems.

General supervision encompasses each state’s responsibility to ensure that the state and its subgrantees and contractors meet the requirements of IDEA which includes:

* Improving educational results and functional outcomes for all children with disabilities, and early intervention results and functional outcomes for all infants and toddlers with disabilities; and
* Ensuring that public agencies meet the program requirements under Parts B and C of IDEA, with a particular emphasis on those requirements that are most closely related to improving early intervention results for infants and toddlers with disabilities and educational results for children and youth with disabilities.

As outlined in the DMS Framework, OSEP will examine the state’s policies and procedures and state-level implementation of these policies and procedures regarding the following components of general supervision:

* Monitoring and Improvement
* Data, including the State Performance Plan/Annual Performance Report (SPP/APR)
* Fiscal Management
* Dispute Resolution

**States Findings**

# Kentucky (April 12th, 2024)

* + **Fiscal Management: Single Line of Responsibility**
    - State does not have a general supervision system reasonably designed to monitor its EIS programs/providers to ensure fiscal compliance with IDEA Part C as required under 34 CFR 303.120, 303.205, and 303.700 and 303.704 and with the Office of Management and Budget’s Circular Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance) 2 CFR Part 200.

# What these findings mean in plain language:

* + - KY-C was cited for not having sufficient fiscal monitoring. Their monthly invoice review process was deemed necessary and insufficient.
    - KY-C was cited for having no documented procedures for monitoring.
    - KY-C was cited for not ensuring that EIS program expenses comported with OMB Uniform Guidance.
    - KY-C was given 90 days to correct these errors and revise policies and procedures.

# What MA-C can learn from KY-C:

* + - We need to develop fiscal monitoring procedures and include them in our cyclical monitoring.
    - We need to document every aspect of our fiscal process—how EICS receives and processes claims, how the Finance Unit reviews them, how they are approved, et cetera.
    - We need to develop checklists and train EI Division staff responsible for reviewing and approving expenses to ensure only allowable expenses are approved.
    - This compressed timeline OSEP gave KY-C to fix it underscores the level of seriousness and scrutiny they are giving fiscal monitoring.

**States Findings (continued)**

## American Samoa (April 2nd, 2024)

* + **Cost Principles:**
    - ASG provided only general information (budgets and assurances) on program requirements, it does not provide sufficient operational detail for finance staff/ASG offices for implementation.
      * ASG do not have written procedures that are reasonably designed to determine the allowability of costs in accordance with Cost Principles.

## Internal Controls:

* + - The practices in place did not ensure accountability, consistency or continuation of those practices in the event of staff turnover.

## What these findings mean in plain language:

* + - ASG is cited for not having sufficient details for finance staff/offices to determine expenses are reasonable, necessary or allocable of specific expenditures.
    - ASG was cited on budget narratives for not providing information on specific expenditures are allowable/unallowable.
    - ASG does not have a system of internal controls that is reasonably designed to ensure the policies and procedures reflecting program practices related to contract oversight, record retention, procurement, and prior approval requirements.
    - ASG was given 90 days to correct these errors and revise policies and procedures.

## What MA-C can learn from ASG:

* + - We need to develop checklists and train EI Division staff responsible for reviewing and approving expenses to ensure only allowable expenses are approved.
    - We need to have written procedures that include practices for ensuring service providers are performing in accordance with contract terms and conditions.
    - We need to describe how the ongoing communication with contractors, make change orders to contracts as needed, and review reports from contractors prior to making payments for services.
    - We need to have formalized written operational procedures on record retention practices including details on what will be retained, in what manner, by whom and for how long.

**States Findings (continued)**

# Colorado (April 29th, 2024)

* + **Fiscal Management: Single Line of Responsibility**
    - CDEC was cited for not having a general supervision system that includes policies/procedures reasonably designed to monitor its EIS providers to ensure compliance with IDEA Part C fiscal requirements (such as coordination of all available funding sources and payor of last resort).

# What these findings mean in plain language:

* + - CDEC was cited for unable to demonstrate that they monitor local programs to ensure compliance with IDEA Part C fiscal requirements.
    - CDEC was cited for not having a system in place to identify and verify correction of noncompliance with IDEA Part C fiscal requirements.
    - CDEC was cited for monitoring manuals with no mention of IDEA Part C fiscal requirements in 34 CFR 303.500 through 303.510 and 303.520 through 303.521 and also referenced former lead agency in monitoring manuals.
    - CDEC was given 90 days to correct these errors and revise policies and procedures.

# What MA-C can learn from CDEC:

* + - We need to develop fiscal monitoring procedures and include them in our cyclical monitoring.
    - We need to have operating policies and procedures in place and correcting noncompliance.
    - We need to make sure monitoring manuals are updated and accurate.

**States Findings Highlights**

* **What can Massachusetts learn from Findings:**
  + Everybody who touches Part C has a role.
  + We need to have written policy and procedures in place and correcting noncompliance for the state and providers.
  + We need to develop fiscal monitoring procedures and include them in our cyclical monitoring.
  + We need to have formalized written operational procedures for:
    - The ongoing communication with contractors, how to make change orders to contracts as needed, and how to review reports from contractors prior to making payments for services.
    - For record retention practices, including details on what will be retained, in what manner, by whom and for how long.
    - Ensuring that monitoring manuals are routinely updated and accurate.