

Office of Inspector General
Bureau of Exceptional Education and Student Services
- Monitoring of State Discretionary Projects

Report # C-2324DOE-011

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Executive Summary

In accordance with the Department of Education's (DOE) fiscal year (FY) 2023-24 audit plan, the Office of Inspector General (OIG) conducted a consulting engagement with the Bureau of Exceptional Education and Student Services (BEES) regarding the Federal Individuals with Disabilities Education Act (IDEA) discretionary project monitoring process. The purpose of this engagement was to determine whether BEES has an effective process in place to monitor the discretionary projects funded by IDEA Part B in accordance with laws, rules, and regulations.

We reviewed monitoring compliance requirements, risk assessments, monitoring timeframes, report routing and dissemination processes, as well as the overall monitoring process for the 2023-24 fiscal year. We noted that BEES does not currently have a formal risk assessment and monitoring process in place. At the conclusion of our review, we provided guidance to BEES for process improvements as well as several examples of risk assessment and monitoring templates available within the department.

Scope, Objectives, and Methodology

The scope of the engagement included an examination of the monitoring processes utilized by BEES for IDEA funded state discretionary projects. The objective of this engagement was to determine if BEES has an effective process in place to monitor the state discretionary projects in accordance with laws, rules, and regulations.

To achieve these objectives, we reviewed applicable laws, rules and regulations; interviewed appropriate department personnel; reviewed policies and procedures; reviewed the monitoring process; and reviewed monitoring work-papers, reports, and related documents.

Our methodology for the engagement included:

- 1) Reviewing the current BEES risk assessment process;
- 2) Determining whether the risk assessment addresses all required areas and whether additional factors may need to be included to enhance the process;
- 3) Determining if the monitoring is based on the risk assessment and whether the risk assessment is being effectively used to determine monitoring needs;
- 4) Reviewing a sample of monitoring activities to ensure BEES is effectively monitoring the providers and the monitoring includes required compliance components;

- 5) Reviewing the timeframe of the monitoring activities to determine whether BEESS is effectively and efficiently conducting monitoring during the fiscal year;
- 6) Reviewing the risk assessment and monitoring process to ensure performance measures are incorporated into the monitoring process;
- 7) Reviewing the process for tracking the progress of monitoring activities and reporting monitoring results to subrecipients;

Background

The Bureau of Exceptional Education and Student Services (BEESS) administers programs for students with disabilities. Additionally, the bureau coordinates student services throughout the state and participates in multiple inter-agency efforts designed to strengthen the quality and variety of services available to students with special needs.

The Federal Individuals with Disabilities Education Act (IDEA) was enacted in 1975 to ensure that children with disabilities are provided with public education that aligns with their needs and protects the rights of the students and their parents. Every eligible state, outlying area, and freely associated state (as defined in 34 Code of Federal Regulation (CFR) §300.717) receives an annual federal grant under IDEA Section 611 to support special education and related services for children and youth with disabilities ages 3 through 21. While most of the IDEA funds flow through to local education agencies (LEAs) as subgrants, states and outlying areas may reserve limited amounts of these grants for state administration of the Part B program and for other state-level activities. These are commonly referred to as “state set-aside funds.”

Current Process

Risk Assessment

Title 2 CFR 200.332(c) states that pass-through entities must, “Evaluate each subrecipient’s fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient’s risk, a pass-through entity should consider the following:

1. The subrecipient’s prior experience with the same or similar subawards;
2. The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F and the extent to which the same or similar subawards have been audited as a major program;
3. Whether the subrecipient has new personnel or new or substantially changed systems; and
4. The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).”

During the 2023-24 fiscal year, BEESS awarded 90 discretionary projects totaling \$84,778,543, with individual budgets ranging from \$100,000 to \$3,000,000. These projects support special education related services for children ranging from 3 to 21 years of age. Discretionary projects include programs like the Special Olympics, Centers for Autism Related Disabilities (CARD),

Florida Diagnostic and Learning Resources System – Associate Center (FDLRS-AC), as well as local school and university operations. At the time of this engagement, BEESS management indicated that they had no formal monitoring procedures in place specific to the monitoring of State discretionary projects. They do routinely check all deliverable submissions from the grantees, but this process did not include formal monitoring. Additionally, they did not employ standardized risk assessment or monitoring form templates.

BEESS further indicated that they have no formalized risk assessment process in place to categorize each applicant's fraud risk and risk of noncompliance with the subaward. The lack of a formal risk assessment process prevented BEESS from completing the required assessments for each subrecipient. Not completing the risk assessments and assigning a risk level to each subrecipient prevents BEESS from prioritizing its monitoring efforts, creating an efficient and effective monitoring plan, and conducting appropriate monitoring of each subrecipient. This also prevents BEESS from complying with Federal regulations and DOE policies.

During the entrance conference, BEESS management indicated that they were developing a draft risk assessment template. Subsequently, BEESS provided us with a copy of their draft risk assessment template that we included in our evaluation. We identified twelve categories in the BEESS draft risk assessment template including: timely submission of application and assurances, size of award (allocation), change in project manager, scope of work, number of staff, recent IDEA audit findings, percentage of budget for salaries, amount of budget for travel, amount of budget for training/professional learning, number of amendments in the prior year, deliverables, and time and effort logs. Once completed, the scores for the twelve risk factors are totaled and categorized into one of four risk levels: very low, low, moderate, and high risk. We noted that six of the twelve categories in the risk assessment factor in data from previous years without establishing a protocol for scoring new projects that have no prior year data. Additionally, the current risk assessment does not include fraud risk in the assessment, new personnel or new or changed systems, or prior Federal agency monitoring. The lack of formal risk assessment procedures hinders BEESS' ability to effectively and efficiently evaluate subrecipient risk to ensure compliance with Federal regulations and the planning of future subrecipient monitoring levels and frequencies. Absent formalized risk assessment procedures, there is a heightened risk of fraud, waste, abuse, and noncompliance occurring without evaluation by BEESS staff.

Recommendations

We recommend BEESS develop and implement a formal risk assessment process for assessing subrecipient risk. Further, we recommend that BEESS complete and retain fraud risk and risk assessment documentation for each subrecipient in accordance with Federal regulations and DOE policies. This should be done on an annual basis to consistently and effectively determine monitoring needs. BEESS should establish expectations for completion dates for the risk assessments and document the actual completion dates to ensure the timely completion of the risk assessments. The scoring of risk assessments should be consistent, as this will provide BEESS with a more accurate risk ranking across all subrecipients. This should allow for more efficient use of staff time by ensuring higher risk subrecipients receive more frequent monitoring while providing less resource intensive monitoring options for lower risk subrecipients. Based

on the outcome of each risk assessment, BEESS should develop a formalized monitoring plan for each subrecipient to optimize the efficiency of staffing and resources.

In order to be in compliance with federal regulations, we recommend that BEESS include prior federal monitoring in their risk assessment. BEESS should also consider revising the phrasing for the “change in project manager” risk factor as that does not fully comply with Title 2 CFR 200.332(c), which requires assessing whether the subrecipient has new personnel or new or substantially changed systems.

Monitoring

Title 2 CFR 200.332(e) requires the pass-through entity to, “Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved.”

Title 2 CFR 200.332(f) states, “Depending upon the pass-through entity’s assessment of the risk posed by the subrecipient (as described in paragraph (c) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

1. Providing subrecipients with training and technical assistance on program-related matters;
2. Performing site visits to review the subrecipient’s program operations; and
3. Arranging for agreed-upon-procedures engagements as described in § 200.425.”

The DOE Project Application and Amendment Procedures for Federal and State Programs – (Green Book) Section C, requires monitoring and audits of “Projects/Grants awarded by the Florida Department of Education to sub-recipients...”

When we requested formalized monitoring procedures, BEESS management indicated that, currently, they do not have a formal internal policy or procedures for monitoring subrecipients. BEESS management advised that they are currently drafting a comprehensive monitoring procedure, but they have not finalized it at this time.

Currently, project liaisons track deliverables and assess each grant quarterly using the Program Tracking System (PTS). The PTS generates a digital report at the end of each quarter, and this is the metric the project liaison uses to assess compliance. Project liaisons can also monitor the submission of deliverable supporting documents to ensure compliance with each grantee’s schedule that was created in the initial application at the start of each grant agreement. Each of the 90 discretionary projects receives the same level of monitoring each quarter under the current process. BEESS management explained that each project submits supporting documentation for deliverables, which differs depending on the type of project and the guidelines, or performance metrics, set forth in the State Performance Plan (SPP), and can include training receipts, help desk reports, attendance rosters, etc. Each subrecipient outlines their own deliverable schedule and metrics based upon the SPP, and that information is cited in the Requests for Application

(RFAs) and approved by project liaisons at the start of each grant period. Due to the variety of projects included under these grants, there is not a uniform set of deliverables to apply to each project. All documentation is submitted through the PTS and included in the quarterly report with supporting documentation forwarded from the subrecipients to the project liaison via email.

According to BEESS management, the drafted monitoring procedures will include a timeline for each application year, detailing when each group of deliverable reports is generated for review. While ensuring subrecipients meet their stated deliverables is important, the draft procedures do not detail any further monitoring efforts that BEESS staff will perform to ensure that subrecipients maintain proper accountability and compliance with program requirements as required in 2 CFR 200.332. The draft procedures also do not currently determine the type of monitoring necessary based on the project's risk level assigned during the risk assessment process or metrics in place to evaluate each subrecipient's success in meeting the necessary performance metrics set forth in the SPP. Creating a monitoring plan based on the risk assessment results will allow BEESS project liaisons to assign staff resources commensurate with the subrecipient's risk level, better group the subrecipients based on risk level, and schedule monitoring engagements based on risk level and staff availability. By including a method to evaluate subrecipients' performance metrics, BEESS will be able to better monitor success and failure in the performance metrics set by the subrecipients in their individual RFAs. The lack of policies and procedures for monitoring project awards hinders BEESS' ability to effectively and efficiently monitor subrecipients to ensure compliance with Federal regulations and the successful achievement of project deliverables. Absent formalized monitoring procedures, there is a heightened risk of fraud, waste, abuse, noncompliance, and unmet deliverables occurring without detection by BEESS staff.

Recommendations

We recommend BEESS create a formal monitoring procedure to document the steps for conducting and completing monitoring activities. We recommend BEESS define the types of monitoring that staff should conduct based on each project's risk level assigned during the aforementioned risk assessment process providing more distinction between the various monitoring types based on risk level. This will allow BEESS to more closely monitor higher risk projects and assign staff resources commensurate with project risk.

We recommend that BEESS draft a monitoring report at the conclusion of the monitoring engagement that includes any noted deficiencies and recommendations for correcting those deficiencies. BEESS should transmit the report to the subrecipient and follow up on the status of the corrective actions until the subrecipient completes all recommended corrective actions. We further recommend BEESS retain the risk assessment, monitoring plan, and monitoring documents in a secure location.

Finally, we recommend BEESS review the examples of risk assessment and monitoring procedures and templates provided by the OIG and select those procedures and templates that best meet the needs of the bureau.

Closing Comments

The Office of Inspector General would like to recognize and acknowledge the BEESS and their staff for their assistance during the course of this consulting engagement. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our consulting engagement was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The consulting engagement was conducted by Lauren Shepard and supervised by Bradley Rich, Audit Director.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at 850-245-0403. Copies of final reports may be viewed and downloaded via the internet at <https://www.fldoe.org/about-us/office-of-the-inspector-general/audit-reporting-products.stml>. Copies may also be requested by telephone at 850-245-0403, by fax at 850-245-9419, and in person or by mail at the Department of Education, Office of the Inspector General, 325 West Gaines Street, Suite 1201, Tallahassee, FL.