

**Virgin Islands Department of Health – Special Conditions  
FFY 2004 and FFY 2005 IDEA Part C Grants  
Enclosure B**

**I. Basis for Requiring Special Conditions**

Pursuant to 34 CFR §80.12, the Office of Special Education Programs (OSEP) is imposing Special Conditions on the Virgin Islands Department of Health (VIDH) for Federal Fiscal Year (FFY) 2004 and FFY 2005 grant awards under Part C of the Individuals with Disabilities Education Act (Part C). The special conditions are imposed to ensure the timely identification and evaluation of infants and toddlers with disabilities and the provision of and payment for early intervention services to infants and toddlers with disabilities and their families in the Virgin Islands under Part C.

Since receipt of its FFY 2001 Part C grant award, VIDH has reimbursed all vendors in a timely manner and thus ensured the provision of early intervention services because it has a third party financial management contractor and obtains per-diem early intervention providers. However, because the VI Government and VIDH have not demonstrated that they have instituted procedures for ensuring that vendors are paid in a timely manner (to ensure uninterrupted provision of early intervention services to infants and toddlers with disabilities and their families) without using the third party financial management contractor, the Department is continuing the third party financial management contractor special condition provisions to ensure continued, timely payment of early intervention services.

Although these Special Conditions are attached to VIDH's FFY 2004 and FFY 2005 Part C grant awards, the Department acknowledges that it continues to be important for VIDH to have interdepartmental cooperation and communication (with VI Office of Management and Budget, VI Office of Personnel, and VI Office of Finance) so that VIDH can meet its timetable to hire and recruit needed personnel, and, in turn, eliminate waiting lists for services.

**II. Nature of the Special Conditions**

**A. Data Collection and Reporting**

VIDH must submit with the State Performance Plan (SPP) due **December 2, 2005**:

1. Data for September, October, and November, 15, 2005, disaggregated by Health District showing the number and percentage of infants and toddlers for whom initial evaluations and assessments and the initial IFSP meeting was conducted: 1) within 45 days from referral; 2) more than 45 days from referral, and for this data, the number who exceeded the timeline due to documented explanations of family circumstances outside VIDH's control;
2. Data for September, October, and November 15, 2005, disaggregated by Health District showing the number and percent of eligible infants and toddlers with IFSPs who receive early intervention services on their IFSPs in a timely manner. VIDH must provide an explanation for untimely services.

VIDH must submit a final progress report due by **April 14, 2006**:

1. Data for November 16, 2005 through December 2005 and January, February, and March 15, 2006, disaggregated by Health District showing the number and percentage of infants and toddlers for whom initial evaluations and assessments and the initial IFSP meeting was conducted: 1) within 45 days from referral; 2) more than 45 days from referral, and for this data, the number who exceeded the timeline due to documented explanations of family circumstances outside VIDH's control;

**Virgin Islands Department of Health – Special Conditions  
FFY 2004 and FFY 2005 IDEA Part C Grants  
Enclosure B**

2. Data for November 16, 2005 through December 2005 and January, February, and March 15, 2006, disaggregated by Health District showing the number and percent of eligible infants and toddlers with IFSPs who receive early intervention services on their IFSPs in a timely manner. VIDH must provide an explanation for untimely services.

**B. Recruiting and Hiring**

The FFY 2004 and FFY 2005 Part C grant special conditions require a number of interrelated actions to address recruitment and retention of personnel, as follows:

1. On **December 2, 2005 and April 14, 2006**, VIDH must submit a status report regarding: (1) number and type of personnel needed and hired to ensure the provision of services and to eliminate waiting lists for early intervention services; (2) procedures that were implemented to expedite hiring and deployment of staff within one month of being hired and to provide their first paycheck within one month of starting work; (3) activities implemented in accordance with the memorandum of agreement with the Virgin Islands Department of Education (VIDE) that provides for each agency to jointly recruit and share needed specialized personnel.
2. By December 2, 2005, the VIDH Commissioner must review and approve VIDH's proposed long-term recruitment and retention plan (developed by VIDH's Part C Coordinator and submitted to OSEP on December 17, 2002) and implement the plan as soon as possible, but not later than June 30, 2006. In its **December 2, 2005** special conditions report, VIDH should notify OSEP that the plan has been approved and provide a copy of the approved document and plan.
3. VIDH must report to OSEP, no later than **December 2, 2005**, the actions and timelines that the VI Government will take to provide VIDH with the authority to directly hire early intervention personnel. VIDH will implement any hiring authority within 30 days from the date it is granted authority to do so. On **April 14, 2006**, VIDH will provide a status report of strategies it has implemented to hire personnel directly.

**C. Financial Management Contractor**

1. General. By accepting its FFY 2004 and FFY 2005 Part C grants, VIDH must continue to contract with the financial management contractor, VI Lutheran Social Services with the terms of the contract that were approved by the Department in a letter dated July 31, 2002. If VIDH wishes to amend its contract with the current financial management contractor or change the current contractor, approved by the Department, VIDH must submit, in writing, a request for the Department's written approval of any new contractor or revised contract terms prior to implementation including: 1) the name of a proposed contractor for financial management services to provide accurate accounting and timely payments of all obligations under Part C of the Individuals with Disabilities Education Act; 2) the fee or rate that such contractor will charge for such services prior to entering into final negotiations with said proposed contractor; and 3) the proposed contract provisions in accordance with Section II.A.2 of this document. Any such proposed contractor must have both adequate capacity and previous successful experience in the financial management of one or more federal grants awarded to an agency of the Virgin Islands where the amount of such federal

**Virgin Islands Department of Health – Special Conditions  
FFY 2004 and FFY 2005 IDEA Part C Grants  
Enclosure B**

grant funds is no less than the amount of the Part C grant. A new contract may not be implemented by VIDH under Part C until the Department approves it.

2. Contract Provisions. The contract for financial management must include provisions that address the following:
  - a. The contractor's role is limited to processing payments and disbursements, maintaining financial records and reporting. VIDH, and not the contractor, is responsible for approving proposed payments and for any recruiting, hiring, evaluating, licensing, and monitoring of vendors or providers of goods and services for the Part C program;
  - b. During all times relevant to this contract, the contractor must maintain adequate insurance to cover all potential liability and loss from misfeasance and/or malfeasance by the contractor and/or its employees. Such insurance will be consistent with the requirements of Virgin Islands law;
  - c. At the beginning of the contract period and prior to any draw downs or disbursements, VIDH must provide the contractor with a line item budget for the total amount of the Part C grant, to be used by the contractor to track projected and actual expenditures for the Part C program;
  - d. Prior to any drawdowns or disbursements, the contractor must establish and utilize a separate bank account for the Part C program. Any and all Part C funds that VIDH draws down must be deposited directly into this account. The contractor will be responsible for disbursing any and all Part C funds from that account pursuant to approved payment requests submitted by VIDH. Any interest earned by or unclaimed funds remaining in such account must be returned to the United States Department of Education at least quarterly (see 34 CFR §80.21(i));

As long as VIDH continues to expend funds within three business days from the time that VIDH draws down the funds from the Department (i.e., the funds are obligated and liquidated by VIDH), the United States Department of Education will not require that an interest-bearing bank account be maintained. However, any interest liability by VIDH is determined under EDGAR Part 80 and the Cash Management Improvement Act.
  - e. Prior to any draw downs or disbursements, VIDH and the contractor must follow established procedures and timelines for prompt and timely draw downs by VIDH and disbursements by the contractor consistent with Federal requirements that disbursement occur within 3 business days of draw downs and the requirements below;
  - f. VIDH will continue to present approved requests to the contractor for processing and payment no later than 14 business days from the date of the receipt of a notice of an account payable that is an allowable expense under Part C, or earlier if needed to ensure timely payment to one or more vendors or providers;
  - g. VIDH and the contractor will continue to coordinate the timing of drawdowns and disbursements to ensure that payments to staff, vendors and providers are prompt and timely. VIDH will draw down sufficient Part C funds to cover each approved request for payment into the separate account.

**Virgin Islands Department of Health – Special Conditions  
FFY 2004 and FFY 2005 IDEA Part C Grants  
Enclosure B**

- h. Disbursements must occur no later than 28 business days from the date of the receipt of an account payable that is an allowable expense under Part C, which includes the above-referenced 14 business days for VIDH to present requests for payment to the contractor and 14 business days for VIDH and the contractor to coordinate draw downs and disburse funds, or earlier than 28 business days if needed to ensure timely payment to one or more vendors or providers.
- i. All transactions under this contract are consistent with all applicable federal requirements, including Office of Management and Budget (OMB) Circular A-87 and EDGAR at 34 CFR Parts 76 and 80;
- j. The contractor will continue to maintain financial records in accordance with federal requirements and produce quarterly reports for VIDH detailing: a) the date of its receipt of, and the amount of, each approved payment request; b) the date and amount of each draw down deposit; c) the date and amount of each payment or disbursement by the contractor; and d) any interest or other funds remaining in the account at the end of the quarter. These amounts must also be grouped by and comparable with the projections in the line item budget listed above;
- k. Any other such terms, consistent with items a-j above, as the parties believe are necessary to ensure timely drawdowns and payments to staff, providers and vendors under the Part C program.

**D. Financial Reports**

VIDH will provide reports to the Department on **December 2, 2005 and April 14, 2006** detailing: 1) the total number of disbursements (payments) made during the reporting period; 2) for all disbursements included in number 1, the number of business days between the receipt of each account payable and the date of disbursement for that account; 3) the average number of business days for all disbursements during the reporting period (the sum total of each number of business days listed in number 2 divided by the total number of disbursements listed in number 1); 4) an analysis of the causes for, and plan to reduce the number of, disbursements made more than 30 business days after receipt of an account payable; and 5) the amount of any interest or other funds remaining in the Part C account at the end of the reporting period. These amounts must also be grouped by and comparable to the projections in the line item budget for the Part C program.

**III. Evidence Necessary for Conditions To Be Removed**

The Department will remove the special conditions if, at any time prior to the expiration of the grant years, the Virgin Islands provides documentation, satisfactory to the Department, that it has fully met the requirements and conditions set forth above in Sections I and II.

**IV. Method of Requesting Reconsideration**

VIDH can write to Troy R. Justesen, Acting Director, OSEP, if it wishes the Department to reconsider any aspect of these Special Conditions. The request must describe in detail the changes to the Special Conditions sought by the Virgin Islands and the reasons for those requested changes.

**Virgin Islands Department of Health – Special Conditions  
FFY 2004 and FFY 2005 IDEA Part C Grants  
Enclosure B**

**V. Submission of Reports**

The Virgin Islands Department of Health must submit all reports required under the Special Conditions. These reports should be submitted to:

Sheryl Parkhurst  
U.S. Department of Education  
Office of Special Education and Rehabilitative Services  
400 Maryland Avenue, SW  
Washington, DC 20202-2550 or  
[Sheryl.Parkhurst@ed.gov](mailto:Sheryl.Parkhurst@ed.gov)