



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

April 8, 2016

Honorable Kathryn Matayoshi
Superintendent of Education
Hawaii Department of Education
PO Box 2360
Honolulu, Hawaii 96804

Dear Superintendent Matayoshi:

This letter is to inform you of the results of the Office of Special Education Programs' (OSEP's) monitoring of the Hawaii Department of Education's (HDOE's) procedures for ensuring compliance with the fiscal requirements of Part B of the Individuals with Disabilities Education Act (IDEA), the American Recovery and Reinvestment Act (ARRA) of 2009, and related statutes and regulations. This letter replaces the letter issued February 25, 2016. After further review, OSEP determined that the noncompliance identified in the February 25, 2016 letter was previously resolved through the February 11, 2011 verification visit letter. In conducting its monitoring, OSEP reviewed publicly available information, State-submitted documentation, and Office of Management and Budget (OMB) Circular A-133 and Office of Inspector General (OIG) audits. OSEP also conducted 13 on-site visits as part of the Continuous Improvement Visits (CIVs) and conducted telephone interviews with all States in 2012. The reviews were conducted between the fall of 2010 and the fall of 2012.¹

The conclusions summarized in the enclosure are based primarily on a review of the State's procedures for specific fiscal requirements and other State-reported information collected by OSEP through the following: (1) the ARRA Monitoring Inventory (AMI); (2) the Critical Elements Analysis Guide (CrEAG) discussed during CIVs or telephone interviews; and (3) Maintenance of State Financial Support discussions during CIVs or telephone interviews. As warranted, OSEP referenced open findings made under OMB Circular A-133 or OIG audits that relate to a criterion in the attached enclosure and were sustained in a program determination letter (PDL).

The enclosure reports the results of OSEP's review of your State's fiscal procedures. It is organized by monitoring area and the criteria reviewed for each area. Each criterion includes the applicable regulatory or statutory requirements, and for any finding made, includes the source of information used in identifying noncompliance, and any required corrective actions. Because OSEP did not review data at the local level and all State-level data, OSEP cannot determine whether the State's systems are fully effective in ensuring that the State educational agency (SEA) meets all fiscal requirements of the IDEA. If no findings are indicated for a particular

¹ ARRA monitoring occurred between September 2010 and September 2012. OSEP conducted CIVs during the summer and fall of 2011. Telephone interviews for both CrEAG and Maintenance of State Financial Support occurred throughout 2012, 2013, 2014 and, in some cases, 2015.

monitoring area, OSEP did not identify noncompliance in that area and did not provide any further comment.

Effective July 1, 2015, for IDEA Part B FFY 2015 grant awards, IDEA Part B funds are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, codified in 2 CFR Part 200 and commonly referred to as the Uniform Guidance. The Uniform Guidance provisions in 2 CFR Part 200 replace provisions previously found in EDGAR in 34 CFR Parts 74 and 80 and prior OMB Circulars A-87 and A-133. In conducting its monitoring, OSEP reviewed State procedures that were in effect prior to July 2015. Therefore, the “Finding” and “Citation” sections of the enclosure include citations to the provisions in the Education Department General Administrative Requirements (EDGAR) in 34 CFR Parts 74 and 80, and prior OMB Circulars A-87 and A-133.

OSEP has not identified any noncompliance in the review of the HDOE’s fiscal systems. Based on our review of documents and information submitted by the State, it appears that the State has fiscal procedures for ensuring compliance related to the distribution and use of IDEA Part B funds requirements addressed in the enclosure.

With respect to the State’s procedures for calculating the amount of State financial support made available for special education and related services, OSEP has not identified any noncompliance based on our review of the documents and information provided by the SEA. However, OSEP has learned through monitoring, audits, and the review of requests for waivers of the requirement in section 612(a)(18)(A) of the IDEA to maintain State financial support, that staff within the SEA may not have access to all relevant information related to the State’s method for calculating the amount of State financial support made available for special education and related services. Therefore, OSEP is unable to conclusively determine that your State’s method for calculating the amount of State financial support made available for special education and related services is in compliance with the requirements of the IDEA. OSEP is available to provide technical assistance.

OSEP appreciates the cooperation and assistance provided by your State staff on our monitoring of the State’s procedures for ensuring compliance with fiscal requirements related to IDEA Part B funds. If you have any questions or wish to request technical assistance, please do not hesitate to call your OSEP State Lead, Debra Jennings, at (202) 245-7389.

Sincerely,

/s/

Ruth E. Ryder

Acting Director

Office of Special Education Programs

Enclosure

cc: Shari Dela-Cuadra

State Director of Special Education