



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

December 9, 2015

Honorable Rafael Román Meléndez  
Secretary of Education  
Puerto Rico Department of Education  
Post Office Box 190759  
San Juan, Puerto Rico 00919-0759

Dear Secretary Román Meléndez:

This letter is to inform you of the results of the Office of Special Education Programs' (OSEP's) monitoring of the Puerto Rico Department of Education's (PRDE'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. 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.<sup>1</sup>

The conclusions summarized in the enclosure are based primarily on a review of the Commonwealth'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 Commonwealth'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 Commonwealth's systems are fully effective in ensuring that the State educational agency (SEA) meets all fiscal requirements of the IDEA. If no findings are

---

<sup>1</sup> 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 and, in some cases, 2013.

indicated for a particular 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 Federal Fiscal Year (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 the Education Department General Administrative Requirements (EDGAR) in 34 CFR Parts 74 and 80 and prior OMB Circulars A-87 and A-133. In addition, effective July 1, 2015, IDEA Part B funds are subject to the revised LEA MOE regulations that were published in the Federal Register on April 28, 2015. See 80 Fed. Reg. 23644 (Apr. 28, 2015). The major changes in the revised LEA MOE regulations include: (1) clarification of the eligibility standard; (2) clarification of the compliance standard; (3) explanation of the Subsequent Years rule; and (4) specification of the consequences for an LEA's failure to maintain effort. 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 EDGAR in 34 CFR Parts 74 and 80, prior OMB Circulars A-87 and A-133, and the LEA MOE regulations in effect prior to July 1, 2015. However, because the "Further Action Required" section of the enclosure addresses corrective actions the LEA must take after July 1, 2015, that section includes citations to the Uniform Guidance and the revised LEA MOE regulations.

OSEP identified noncompliance in the review of the PRDE's fiscal systems as detailed in the enclosure. OSEP recognizes that, given the length of time between OSEP's monitoring and this letter, the Commonwealth may have changed policies and/or procedures. If you believe that the Commonwealth has corrected the noncompliance identified in the enclosure, please inform us and provide any relevant documentation, and OSEP will follow up in writing with your Commonwealth.

With respect to the Commonwealth's procedures for calculating the amount of State financial support made available for special education and related services, OSEP has identified noncompliance. However, based on our review of the documents and information provided by the SEA after the Commonwealth revised its procedures, it appears that the Commonwealth currently has procedures for ensuring compliance related to the requirement in the IDEA to maintain State financial support. Nevertheless, 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 the Commonwealth'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.

Finally, this letter and enclosure do not affect the special conditions imposed on PRDE's FFY 2015 grants made available by the U.S. Department of Education (Department), or any special conditions imposed on future grants.

OSEP appreciates the cooperation and assistance provided by your Commonwealth staff on our monitoring of the Commonwealth'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, Lynne Fairfax, at (202) 245-7337.

Sincerely,

/s/ Melody Musgrove

Melody Musgrove, Ed.D.  
Director  
Office of Special Education Programs

Enclosure

cc: Carlos Rodriguez

State Director of Special Education