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

JUN - 1 2015

Honorable Candice McQueen
Commissioner of Education
Tennessee Department of Education
Andrew Johnson Tower, 6th Floor
710 James Robertson Parkway
Nashville, Tennessee 37243-0382

Dear Commissioner McQueen:

This letter is to inform you of the results of the Office of Special Education Programs' (OSEP's) monitoring of the Tennessee Department of Education's (TDE'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.[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) and local educational agencies (LEAs) in your State meet all fiscal requirements of the

[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 and, in some cases, 2013.

IDEA. If no findings are indicated for a particular monitoring area, OSEP did not identify noncompliance in that area and did not provide any further comment.

OSEP identified noncompliance in the review of the TDE's fiscal systems as detailed in the enclosure, and has required corrective action. OSEP recognizes that, given the length of time between OSEP's monitoring and this letter, the State may have changed policies and/or procedures. If you believe that the State 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 State.

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 identified noncompliance. However, based on our review of the documents and information provided by the SEA after the State revised its procedures, it appears that the State 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 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 Contact, Angela Tanner-Dean, at (202) 245-6320.

Sincerely,

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

Enclosure
cc: Joey Hassell
State Director of Special Education