

**South Carolina Part C 2008 Verification Visit Letter
Enclosure**

The South Carolina Department of Health and Environmental Control (DHEC) is the State lead agency responsible for administering Part C of the IDEA in South Carolina. Within DHEC, BabyNet is the program that administers Part C. Through a Memorandum of Agreement (MOA), the following agencies, together with DHEC, form the BabyNet structure: the Department of Disabilities and Special Needs (DDSN), the School for the Deaf and Blind (SCSDB), the Department of Mental Health (DMH), the Department of Social Services (DSS), the State Department of Education (SDE), and Head Start. Three of those agencies provide the majority of BabyNet service coordination: SCSDB (10 %), DHEC (20 %), and DDSN (70 %). In South Carolina, eight regions or early intervention service (EIS) programs, and 12 System Points of Entry (SPOEs) provide early intervention services to infants and toddlers aged birth to three. Some regions include more than one SPOE office.

I. General Supervision

Critical Element 1: Identification of Noncompliance

Does the State have a general supervision system that is reasonably designed to identify noncompliance in a timely manner using its different components?

Verification Visit Details and Analysis

Background: As the lead agency, DHEC must monitor all agencies and programs in South Carolina used to implement Part C under IDEA sections 616(a), 635(a)(10)(A) and 642 and 34 CFR §303.501(a) and (b)(1) (regardless of whether such agencies or programs receive Federal Part C funds). Monitoring agencies and programs to determine whether they are in compliance with IDEA Part C requirements has been a longstanding challenge for DHEC. Under DHEC's 2003 Compliance Agreement with the U.S. Department of Education (Department), DHEC had developed and implemented a monitoring system that identified noncompliance with Part C requirements. The agreement ended on September 9, 2006. In its February 2007 Federal Fiscal Year (FFY) 2005 Annual Performance Report (APR), DHEC failed to include any data or information on the timely correction of noncompliance under APR Indicator 9. DHEC's March 2007 final submission under the Compliance Agreement included a chronological list of EIS programs monitored, a list of findings of noncompliance (including findings made in FFY 2004, FFY 2005 and FFY 2006), and the status of correction of those findings (including correction of some findings). DHEC's February 2008 FFY 2006 APR indicated, however, that DHEC had made no findings in FFY 2006.

FFY 2008 Special Conditions: As a result of DHEC's failure to provide any data on timely correction in its December 2005 State Performance Plan (SPP) and its FFYs 2005 and 2006 APRs, OSEP imposed Special Conditions on South Carolina's FFY 2008 Part C grant award. These Special Conditions require DHEC to provide two reports, on February 2, 2009 and May 15, 2009, which identify all findings made by DHEC during FFYs 2004 through 2008 and the status of correction of each finding.

Revised Monitoring System: During OSEP's verification visit, BabyNet staff reported that the State issued a new monitoring manual in August 2006, which revised DHEC's monitoring policies and procedures from the interagency model used for on-site monitoring visits conducted in 2003 through 2005. In April 2008, BabyNet selected four regions for on-site monitoring, based on data reviewed by regional consultants and supervisors. Each on-site monitoring visit included a review of 15 active records (selected randomly using the BabyTrak database) and use of Parent

Satisfaction Surveys and focus groups with providers. BabyNet staff informed OSEP that they identified noncompliance during these four visits in written reports, but they established neither a clear method to determine correction by EIS programs nor a timeline for correction.

Monitoring Reports: During the verification visit, DHEC staff provided OSEP copies of monitoring reports and corrective action plans (CAPs) for the four (of eight) regions that DHEC monitored in April 2008. The reports were dated April 11, 2008, June 26, 2008, July 1, 2008, and July 15, 2008, and included findings in five content areas: (1) general supervision, (2) child find and public awareness, (3) timely and comprehensive evaluation, (4) identification and timely provision of services, and (5) transition. For each of these five areas, each report identified areas of noncompliance and suggested strategies for improvement. DHEC did not include any regulatory or statutory citation for any of the "Areas of Noncompliance." Further, DHEC included (with no differentiation), as "Areas of Noncompliance," areas that were compliance requirements under Part C, and other areas that were not (e.g., "In one instance red ink used in billing section of chart"). Further, while each DHEC report required the region to submit a CAP within 30 days, the letters did not include a timeline for correction of the noncompliance.

During the verification visit, DHEC informed OSEP that, as of September 2008, it was no longer using the procedures outlined in the aforementioned manual. The State has approved a new general supervision plan, and, at the time of OSEP's verification visit, was in the process of finalizing its revised manual governing provision of all BabyNet services. Under the new system, BabyNet plans to conduct cyclical monitoring with increased emphasis on data reviews and a decrease of on-site monitoring activities. The key components of the State's new general supervision system would include policies and procedures, data, periodic review of system operations, intra-agency review of performance, complaint system, consultation, training and technical assistance. DHEC informed OSEP of its plan to monitor four regions in 2009 using the new general supervision plan.

OSEP Conclusions

DHEC must monitor all agencies and programs in South Carolina used to implement Part C under IDEA sections 616(a), 635(a)(10)(A) and 642 and 34 CFR §303.501(a) and (b)(1) (regardless of whether such agencies or programs receive Federal Part C funds). Based on the review of documents, analysis of data, interviews with BabyNet and participating agencies personnel, OSEP finds that the lack of continuity in DHEC's general supervision system does not enable OSEP to determine whether DHEC's general supervision system is reasonably designed to identify noncompliance.

In 2008, BabyNet monitored four of its eight regions and issued monitoring reports that included "Areas of Noncompliance," but did not: (1) include any legal citations for the findings, (2) differentiate between Part C noncompliance and other areas of concern, and (3) inform the regions that they must correct the noncompliance as soon as possible, but not later than one year from identification. Further, as noted above, DHEC discontinued those procedures following its issuance of the last report in July 2008, and was, at the time of OSEP's verification visit, in the process of designing yet another monitoring process that it would implement beginning in calendar year 2009.

Required Actions/Next Steps

The Special Conditions on the State's FFY 2008 Part C grant award require that, in its second Special Conditions progress report, due by May 15, 2009, DHEC must provide updated data

through April 30, 2009 (in a list or chart format) on: (1) each EIS program monitored in FFYs 2004, 2005, 2006, 2007 and 2008 (from July 1, 2004 through April 30, 2009); and (2) the number of findings of noncompliance that the State made as a result of such monitoring, disaggregating by topical Part C requirement, the area of those findings.

In addition, with either that progress report or the State's FFY 2009 Part C grant award application, due May 18, 2009, the State must provide a summary of the monitoring activities that the State will implement during FFY 2009, and a schedule for those monitoring activities.

Critical Element 2: Correction of Noncompliance

Does the State have a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner?

Verification Visit Details and Analysis

The history of DHEC's failure to identify noncompliance is discussed in detail under General Supervision Critical Element 1, above. The lack of continuity of DHEC's general supervision system makes it impossible for OSEP to predict whether DHEC will continue to issue monitoring reports to each of its eight EIS programs, and whether DHEC will require them to submit corrective action plans that will include the required data and information.

During OSEP's verification visit, DHEC could not provide documentation of the correction of the findings of noncompliance that DHEC had issued in FFYs 2004, 2005, and 2006. DHEC did not conduct any on-site monitoring visits in 2007 (and, thus, issued no findings of noncompliance in 2007), and the one-year timeline for correction of noncompliance identified by DHEC from April through July 2008 had not lapsed as of the date of OSEP's verification visit. DHEC provided no information: (1) regarding the data EIS programs must submit to DHEC to verify noncompliance; and (2) that such verification occurs within each EIS program's one-year timeline for correction.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with DHEC and participating agencies, OSEP finds that DHEC does not have a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner. Specifically, DHEC has not consistently informed regions of the requirement to correct noncompliance as soon as possible, but in no case later than one year from the date of identification, has no documentation of correction of FFY 2004, FFY 2005, and FFY 2006 findings of noncompliance, and has not specified in the CAP the verification data each EIS program must provide to DHEC.

Required Actions/Next Steps

As required by the Special Conditions on the State's FFY 2008 Part C grant award, the State must submit:

1. Its first progress report with the State's FFY 2007 APR, due by February 2, 2009, data through December 31, 2008 (in a list or chart format) on: (a) each EIS program monitored in FFYs 2004, 2005, 2006 and 2007 (from July 1, 2004 through July 30, 2008), and for the first half of FFY 2008 (from July 1, 2008 through December 31, 2008); (b) the number of findings of noncompliance that the State made as a result of such monitoring, disaggregating by topical Part C requirement, the area of those findings); (c) the number and percentage of those findings corrected within one year from identification; (d) for those findings not corrected, a description of DHEC's efforts to ensure compliance and the status of correction; and (e) all

other efforts by DHEC to ensure compliance during the FFYs 2006 and 2007 reporting periods (such as data reviews, self-assessments, etc.); and

2. In its second progress report, due by May 15, 2009, updated data through April 30, 2009 (in a list or chart format) on: (a) each EIS program monitored in FFYs 2004, 2005, 2006, 2007 and 2008 (from July 1, 2004 through April 30, 2009); (b) the number of findings of noncompliance that the State made as a result of such monitoring, disaggregating by topical Part C requirement, the area of those findings); (c) the number and percentage of those findings corrected within one year from identification; (d) for those findings not corrected, a description of DHEC's efforts to ensure compliance and the status of correction; and (e) all other efforts by DHEC to ensure compliance during the FFYs 2006 and 2007 reporting periods (such as data reviews, self-assessments, etc.).

In addition, with its FFY 2008 APR, due on February 1, 2010, the State must provide data on the correction of any findings of noncompliance it made during FFYs 2007 and 2008.

Critical Element 3: Dispute Resolution

Does the State have procedures and practices that are reasonably designed to implement the dispute resolution requirements of IDEA?

Verification Visit Details and Analysis

Due Process Hearing Requests: The State has adopted the Part C procedures for due process under 34 CFR §303.420. DHEC reported that BabyNet has practices for dispute resolution across all agencies. The procedural safeguards manual was updated in 2006. DHEC reported that its Procedural Safeguards Manual includes procedures for implementation of Part C's dispute resolution requirements. DHEC has identified a need to provide additional training on the processes in order to clarify the whole process and ensure the use of the correct forms. An individual employed by DHEC serves as the BabyNet Due Process Coordinator. The State did not receive any due process hearing requests in FFY 2006.

Complaints: Currently, all informal complaints are handled at the local level by involving the service coordinators, supervisors, regional managers, regional consultants and finally the Due Process Coordinator. If a complaint cannot be resolved at the local level, then a formal, written complaint is filed through the DHEC Due Process Coordinator. The State's FFY 2006 APR data indicated there had been six Part C complaints, all but one of which was resolved within the 60-day timeline. BabyNet personnel reported that there is an inter-agency commitment to maintain lines of communication at multiple levels in order to ensure the prompt and satisfactory resolution of both informal and formal complaints about the Part C system operation.

Mediation: During the verification visit, DHEC informed OSEP that while mediation is available to parents and public agencies at any time, DHEC has not received a request for mediation under Part C.

OSEP Conclusions

Based on the review of documents, analysis of data, interviews with BabyNet and participating agencies personnel, OSEP concludes that the State has procedures and practices that are reasonably designed to implement the dispute resolution requirements of IDEA; however OSEP is unable to determine whether such procedures would be effective in the timely resolution of disputes given the lack of requests for mediation and due process hearings in FFY 2006.

Required Actions/Next Steps

No action is required.

Critical Element 4: Improving Educational Results

Does the State have procedures and practices that are reasonably designed to improve early intervention results and functional outcomes for all children with disabilities?

Verification Visit Details and Analysis

In interviews with OSEP staff during the verification visit, BabyNet personnel described a number of activities designed to improve early intervention results and functional outcomes for all infants and toddlers with disabilities in the State. DHEC revised the IFSP form in August 2006 to help ensure that goals were individually designed based on family priorities and concerns. DHEC staff reported that DHEC focused its training on how to gather family information using discussion points developed by the Early Childhood Outcomes (ECO) Center. DHEC provided training on a curriculum-based assessment provided by the University-affiliated Team of Early Childhood Solutions (TECS) that required staff to make a paradigm shift from a developmental to a functional perspective. DHEC reported that there is an increased focus on functional outcomes rather than developmental skills. DHEC training has focused on looking at everyday activities, routines, and skills during the evaluation and assessment process in order to develop functional goals. The revised IFSP includes prompts to help providers and families make the paradigm shift from the developmental to the functional perspective. TECS provides online training to BabyNet service providers to ensure best practices.

OSEP Conclusions

Based on the review of documents, analysis of data, interviews with BabyNet and participating agencies personnel OSEP concludes that DHEC has procedures in place to improve early intervention results and functional outcomes for all infants and toddlers with disabilities.

Required Actions/Next Steps

No action is required.

Critical Element 5: Implementation of Grant Assurances

Does the State have procedures and practices that are reasonably designed to implement selected grant application requirements, i.e., monitoring and enforcement, Comprehensive System of Personnel Development (CSPD), and interagency agreements, contracts or other arrangements?

Verification Visit Details and Analysis

Local Determinations and Public Reporting of Local Performance: As part of its monitoring and enforcement responsibilities under sections 616 and 642 of the IDEA, each lead agency must annually report to the public on the performance of each EIS program against the State's SPP/APR targets and must make annual determinations for each EIS program. During the verification visit, DHEC staff discussed its proposed system to publicly report and assign local determinations in Fall 2008, but had not yet completed either of these activities for FFY 2005 or FFY 2006.

CSPD: TECS manages the State's Comprehensive System of Personnel Development and provides training. TECS also provides technical assistance on request to respond to specific questions. BabyNet sponsored a conference for EIS programs and providers on early intervention

in May 2008. TECS plans to launch web-based modules that will directly relate to the competencies required for the credentialing of EIS providers by DHEC.

Interagency Coordination: Under IDEA sections 635(a)(10), 637(a)(2), (6) and (9), and 640, each State lead agency must include in its Part C application: (1) a certification that its methods to ensure service provision and fiscal responsibility for services are current; and (2) its policies and procedures for transition (including an interagency agreement if the lead agency is not the State educational agency (SEA)), and potential interagency agreements regarding referrals of children under CAPTA.

Since 2004, DHEC has had a global interagency agreement with DDSN, SCSDB, the Department of Mental Health (DMH), the Department of Social Services (DSS), and SDE. SCSDB, DHEC, and DDSN provide the majority of Part C services to infants and toddlers with disabilities and their families in South Carolina. The 2004 interagency agreement includes provisions regarding service provision, fiscal responsibility and dispute resolution, as required under 34 CFR §§303.523 through 303.528. During the verification visit, DHEC staff explained that the multiple agency and regional structure is not designed to assign authoritative responsibility to a single region. It also includes provisions regarding transition, but does not include the additional transition requirements from the 2004 IDEA amendments. DHEC has indicated in Section II of its grant application that it will update the agreement to include the new requirements by June 30, 2009. Regarding interagency coordination, DHEC staff indicated that one barrier is the lack of a single authoritative figure at the region level, and this impedes assigning accountability for ensuring correction of noncompliance.

OSEP Conclusions

Based on the review of documents, analysis of data, interviews with BabyNet personnel and participating agencies personnel, OSEP concludes that DHEC has procedures and practices that are reasonably designed to implement selected grant assurances regarding CSPD, and interagency coordination. OSEP finds, however, that while DHEC indicated during the verification visit that it had a plan to implement the public reporting and determination requirements beginning in fall 2008, the State had failed to report to the public on the performance of each of its eight regional EIS programs against the State's SPP/APR targets and had not made annual determinations and taken appropriate enforcement actions for each of its eight EIS programs as required by IDEA sections 516 and 642 for FFY 2005 and FFY 2006.

Required Actions/Next Steps

With its 2009 Part C application, DHEC must provide a written assurance or documentation that the State has finalized procedures and a timeline for making local program determinations for FFY 2006 and FFY 2007 by December 31, 2009. Further, DHEC must provide documentation with its FFY 2008 APR, due February 1, 2010, that it has met those timelines for making local program determinations and taking appropriate enforcement actions.

II. Data

Critical Element 1: Collecting and Reporting Valid and Reliable Data

Does the State have a data system that is reasonably designed to collect and report valid and reliable data and information to the Department and the public in a timely manner?

Verification Visit Details and Analysis

DHEC uses a web-based system, BabyTrak, for data entry at the point at which service is provided. All users are trained at the local/agency level with guidance from the BabyTrak manual, which is undergoing revisions. The system has built-in reminders to alert staff at the local, region, agency and State level of timely IFSPs, six-month, and annual reviews.

DHEC uses a contractor, the South Carolina Budget and Control Board (SCBCB), to manage the database. The SCBCB notifies users of any system updates via e-mail. The SCBCB has a full-time staff person housed at BabyNet for on-site support. BabyNet has a dedicated staff person available during business hours to provide technical support to BabyTrak users.

To ensure validity and reliability of BabyTrak data collected for APR indicators, the system has built-in edit checks to indicate data errors. The State uses monthly intra-agency monitoring system, as well as annual on-site, inter-agency monitoring of regions to ensure BabyTrak entries match documents in files.

As a part of the verification visit, OSEP specifically inquired into the State's procedures and data collection methodology for SPP/APR Indicators 1, 3, 4, 5, 6, 7, 8A, 8B, and 8C. With the exception of Indicator 7, DHEC staff provided information demonstrating that the data it collected for these indicators were consistent with the required measurements. DHEC informed OSEP during the verification visit that it collected its Indicator 7 data for the FFY 2006 APR based only on data on the timeliness of the initial evaluation and assessment and initial IFSP meeting for children who were referred for evaluation on either March 1, or March 2, 2007. During the visit, OSEP provided technical assistance to DHEC regarding ensuring that the data that it collects and reports for Indicator 7 provide an accurate and representative picture of the State's compliance with the 45-day timeline for the relevant fiscal year.

OSEP Conclusions

Based on the review of documents, analysis of data, demonstration of BabyNet functions, and interviews with BabyNet and participating agencies personnel, OSEP concludes, with the exception of data for Indicator 9, DHEC has a data system reasonably designed to collect and report valid and reliable data and information to the Department and the public in a timely manner. As explained above under general supervision element one and in OSEP's June 6, 2008 response to the State's FFY 2006 APR, the State's data for Indicator 9 data on the timely correction of noncompliance are not valid and reliable.

Required Actions/Next Steps

OSEP will review the data for Indicator 9 in the State's FFY 2007 APR, due on February 2, 2009, and inform the State as to what, if any, further action is required.

Critical Element 2: Data Reflect Actual Practice and Performance

Does the State have procedures that are reasonably designed to verify that the data collected and reported reflect actual practice and performance?

Verification Visit Details and Analysis

DHEC staff reported that DHEC ensures that data it collects and reports reflect actual practice by using a system of checks and balances at the local, regional and State levels. DHEC uses training at the local level, and modules at the State level, to inform staff of best practices. As part of an intra-agency monitoring system, supervisors review 15 files monthly for comparison and accuracy

to information in the data system. In addition, monthly data reports are generated and examined at Regional meetings to ensure accuracy and quality control of practice and performance. DHEC uses a three-tier approach to deal with any data corrections. When errors are detected, corrections are to be completed at the local level. If local staff cannot resolve the concerns, they are referred to the three State Regional consultants, and finally to the State Lead Agency level.

State-level, on-site monitoring occurs four-times per year to ensure that BabyTrak entries match paper documents in the files. The State reported that some service coordinators don't enter data in a timely manner but further stated that it is usually related to lack of adequate resources and that they are working to improve the availability of resources. Accuracy of data reporting by staff can be used as part of staff performance ratings within DHEC. Concerns with data collected by service coordinators employed by SDB or DDSN must be resolved at the State level.

OSEP Conclusions

Based on the review of documents, analysis of data, demonstration of DHEC functions, and interviews with DHEC and participating agency personnel, OSEP concludes DHEC has procedures that are reasonably designed to verify that the data collected and reported reflect actual practice and performance.

Required Actions/Next Steps

No action is required.

Critical Element 3: Integrating Data across Systems to Improve Compliance and Results

Does the State compile and integrate data across systems and use the data to inform and focus its improvement activities?

DHEC staff reported that the State uses its data systems for continuous improvement at all levels, including, monitoring, technical assistance, training, development of policy and procedures, and intra/inter-agency planning. At regional meetings, the State looks for improvements in the data over time, and uses this analysis to guide professional development.

OSEP Conclusions

Based on the review of documents, analysis of data, demonstration of DHEC functions, and interviews with DHEC and participating agency personnel, OSEP concludes that DHEC compiles and integrates data across systems and uses the data to inform and focus its improvement activities.

Required Actions/Next Steps

No action is required.

III. Fiscal

Critical Element 1: Timely Obligation and Liquidation of Funds

Does the State have procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds?

Verification Visit Details and Analysis

During the verification visit, OSEP interviewed the DHEC staff person in the finance section of Health Services within DHEC who is responsible for tracking the expenditure of Part C funds. This individual is responsible for ensuring that DHEC documents its expenditures of Part C funds appropriately and that such funds are obligated and liquidated within the timelines required by Federal law (obligation within 27 months and liquidation within 30 months from the date on which they become available for obligation by OSEP). DHEC staff confirmed that Part C funds from multiple years may be available for obligation at some times, and that part of this individual's responsibilities includes ensuring that funds are obligated and liquidated on a "first-in/first-out" basis. He also runs periodic reports to ensure that the State will obligate and liquidate all of its Part C funds by the required deadlines. The Department's GAPS system shows that South Carolina liquidated: (1) all of its FFY 2004 Part C funds; (2) all but \$4199 of its FFY 2005 Part C funds; and (3) all but \$541 of its FFY 2006 Part C funds. Further, as of January 19, 2009, the State had liquidated all but \$361 of its FFY 2007 Part C funds, and had until December 31, 2009 to liquidate the remainder.

OSEP Conclusions

Based on the review of documents, analysis of data, feedback from stakeholders and interviews with State personnel, OSEP concludes that DHEC has procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA Part C funds at the State level.

Required Actions/Next Steps

No action is required.

Critical Element 2: Appropriate Distribution of IDEA Funds

Does the State have procedures that are reasonably designed to ensure the appropriate use of IDEA funds at the State level?

Verification Visit Details and Analysis

Use of Part C funds for allowable purposes: Each lead agency must ensure that IDEA Part C funds are expended at the State level on appropriate uses of funds, consistent with the requirements in IDEA section 638, the Education Department General Administrative Regulations (EDGAR), OMB Circular A-87, and other applicable Federal requirements. DHEC informed OSEP during the verification visit that the Part C coordinator and the individual in the finance section of Health Services within DHEC who is responsible for the Part C program, along with other programs, are jointly responsible for ensuring that the State expends Part C funds only for allowable purposes. These staff together routinely review all expenditures on a monthly basis to determine the allowability of expenditures under the grant, and then the coordinator reviews monthly fiscal reports and bills from the SPOEs and contractors to confirm that Part C funds are used to pay only for allowable expenditures under Part C. The Part C coordinator must approve each expenditure. The coordinator has a personnel accounting system that tracks time and effort to ensure that Part C funds are only used to pay for that portion of staff time that is expended on Part C.

Commingling and Nonsupplant: The DHEC financial person responsible for the Part C program explained to OSEP that, in order to meet the commingling prohibition, DHEC assigns a specific and unique code to each source of State and federal funds (by year and source) used to pay for Part C funds, and then the State is able to separately track each funding code. He also informed OSEP that in order to ensure that DHEC meets the nonsupplant (maintenance of effort) requirements

under 34 CFR §303.124, he compares the amount of State and local funds budgeted for Part C for each fiscal year to the amount expended for the prior fiscal year to ensure that it is the same or greater than the prior fiscal year.

Payor of Last Resort: DHEC has adopted a payor of last resort policy under which service coordinators must ensure that before they request that Part C funds be used to pay for Part C services, they must first certify that any available insurance has been accessed. DHEC has adopted a system of payments, which is on file with, and approved by, OSEP and under which, the State defines when public benefits and insurance and private insurance may be used to pay for Part C services. DHEC staff further reported that, although the State's Title V program currently pays for Part C services before the State uses Part C funds, this has been an issue of dispute between the two programs and DHEC is working with its counsel to resolve this issue.

DHEC explained to OSEP that it has provided training to service coordinators to inform them that compliance with Part C's payor of last resort requirements is the responsibility of the service coordinators. DHEC acknowledged that there is currently no systematic procedure for monitoring whether service coordinators in fact meet this responsibility to ensure compliance with those requirements. In addition, DHEC acknowledged that there may be additional sources of State funds which are available to pay for some Part C services, but that central office employees could not identify all of these sources, and that there was no systematic process in place to ensure that service coordinators (who are responsible in the State for ensuring compliance with the payor of last resort requirements) know what those additional sources are or ensured that such other sources were used to pay for Part C services before the State used Part C funds.

OSEP Conclusions

Based on review documents, analysis of data, and interviews with the State and local personnel, OSEP concludes the State has procedures that, with the exception of payor of last resort requirements, are reasonably designed to ensure appropriate use of IDEA funds at the State level. As noted above, while DHEC has written procedures that require that Part C funds be the payor of last resort for early intervention services and that service coordinators ensure compliance with those requirements, DHEC does not have procedures for monitoring to ensure that service coordinators in fact ensure compliance with those requirements.

Required Actions/Next Steps

With its FFY 2008 APR, due February 1, 2010, DHEC must provide a description of the procedures it uses to monitor to ensure that service coordinators receive training on, and implement, Part C's payor of last resort requirements.