New Hampshire Part C 2009 Verification Visit Letter
Enclosure

Background

The New Hampshire Department of Health and Human Services (DHHS) is the State lead agency responsible for administering the Part C system of the IDEA in New Hampshire, referenced as Part C system in this document. Within DHHS, the Bureau of Developmental Services (BDS) administers the Part C system. One component of the Part C system is the provision of early intervention services that, in New Hampshire, are called family-centered early supports and services, referenced in this document as ESS. DHHS provides ESS through contracts with ten local Area Agencies (AAs), private non-profit organizations that have the primary responsibility for serving individuals who have a developmental disability or acquired brain disorder and their families. Each of the ten AAs has a governing body (area board) that must establish policies and procedures for the governance and administration of the AA. State rules specify the size and composition of the area board, including that one-third of the membership must be consumers of services provided by BDS. This ensures that the AAs are attuned to the needs of local consumers (children, families, and other stakeholders).

An AA has the responsibility for providing ESS in its assigned geographic region and has the option of either hiring employees directly or contracting with private vendors to provide services. Five of the local AAs provide ESS directly, two provide ESS directly and contract with private vendors to assist in delivering ESS in their region, and three AAs provide ESS entirely through contracts with private vendors. The ten AAs provide ESS through a total of 18 programs, referenced as "local programs" in this document.

All of the AAs assign one person to manage the local program in their respective region. All AAs have at least one person assigned as the intake coordinator for the region. AAs with contracted vendors have one person assigned to coordinate the vendors. Approximately 25 personnel (statewide) in the AAs are assigned to manage the Part C program and to conduct intake activities for new referrals. In addition to this number, numerous personnel provide family supports, data entry, and fiscal management, including insurance billing for the ESS. These personnel also provide similar support for AA activities conducted for children over the age of three years and adults. Approximately 200 personnel provide ESS in the local programs. Child find activities are typically carried out at the local program level, but the AA is responsible for monitoring the effectiveness of its activities. The State reported in its December 1, 2007, section 618 report that the State served 1,658 infants and toddlers with disabilities and their families, representing 3.68% of the State's population from birth to age three.

Stakeholder Input

OSEP requested that the State Interagency Coordinating Council (SICC), the Parent Training and Information Center (PTI), and families of children enrolled in the Part C programs provide feedback to OSEP about the effectiveness of the State's Part C system in New Hampshire. OSEP developed the questionnaires that were used to gather these data. The SICC provided

input to OSEP via a telephone conversation and the PTI gathered survey information from 253 families and provided a summary of survey data to OSEP and the State.

The SICC emphasized to OSEP their active involvement with the State Part C system in New Hampshire, including: (1) reviewing and providing comments on the State's program data at every meeting, including the SPP/APR information; (2) setting priorities for SICC action each year (e.g., the SICC made recommendations about the utilization of private insurance in paying for ESS in the State and the State legislature passed legislation so that private insurance companies would participate in paying for ESS); (3) meeting every other month with at least 25 active SICC members present at the meetings; (4) providing review and feedback to DHHS on its budget and funding for the State Part C system. The SICC remarked that DHHS: (1) frequently requests their feedback on policy and practice issues; (2) always sends preparatory materials ten days in advance of a meeting so that the membership is prepared to provide recommendations; and (3) is transparent about funding, budgeting, and expenditures.

The PTI director reported to OSEP that they were pleased with the good response rate from families to OSEP's survey. The PTI remarked that they attributed this response to the strong collaboration between the PTI, DHHS, and local programs. The family data revealed overall that: (1) families know their rights under Part C of IDEA; (2) families know how to get information and data about the State's Part C performance; and (3) families believe the State Part C system is providing the services that the children and families need. When asked to identify three areas most in need of improvement, 41% of families responded "no improvement needed." For the remaining families, specific areas identified as being most in need of improvement, in order from highest number to lowest included: other community-based services, timely ESS, early childhood transition, qualified service providers, evaluation and assessment, and child find.

OSEP is appreciative of the time and effort of the SICC, the PTI staff, and the families that completed a survey. These data will be valuable for the ongoing improvement of the Part C system in New Hampshire.

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
OSEP learned, through review of DHHS's monitoring reports, interviews with staff, and other documents, that DHHS has established components to implement its general supervisory responsibilities for New Hampshire's Part C system related to timely identification of compliance.

The primary frameworks, used collectively, for identifying noncompliance in New Hampshire are: (1) annual on-site child record reviews of each of the 18 local programs; (2) separate annual on-site child record reviews of each of the 18 local programs to validate the programmatic and fiscal terms for children receiving Medicaid-reimbursed services; (3) an electronic database system (NHSEIS); (4) monthly program reports from the local programs; and (5) a five-year cyclical AA re-designation process to review all aspects of the administrative and fiscal operations of a local AA (inclusive of local programs).

DHHS staff uses the output of its data collection to determine whether any evidence of noncompliance with IDEA exists in a local program. According to an established statewide schedule, DHHS collects data: (1) on the number of children served and the number of children exiting Part C; (2) on program settings for services and types of ESS provided; (3) related to compliance in Part C from individual child records, including procedural safeguards (from annual on-site visits and local program self-assessments of individual child records); (4) on topics that require training or technical assistance; (5) to improve the quality of local programs; (6) on the infrastructure, and administrative and fiscal activities of the local program; and (7) on timelines of evaluations and assessments, individualized family service plans (IFSPs), early intervention services, and service coordination.

DHHS and local program representatives reported to OSEP that the implementation of this system with its attendant functions has resulted in: (1) reporting accurate and reliable data regarding the noncompliance DHHS had identified in its SPP and the FFY 2005-FFY 2007 SPPs/APRs, submitted to OSEP in December 2005, February 2007, February 2008, February 2009, respectively; (2) improving the communication between the DHHS, AAs and local programs; (3) empowering the local programs to partner with DHHS in the identification of noncompliance or potential noncompliance through performing ongoing monitoring of individual child records; and (4) streamlining processes for identifying noncompliance. For example, the local programs conduct a self-assessment of available data prior to the DHHS' on-site visits. DHHS staff reviews these data two weeks prior to the on-site visit. As a result, the outcome of DHHS' visit can be: (1) immediate correction of noncompliance prior to the issuance of findings; (2) targeted technical assistance to prevent any further noncompliance findings; (3) written notification of noncompliance issued by DHHS via electronic mail within one week of the on-site visit; and (4) improvement of the local program's management and other functions that may be causing noncompliance. If any instance of noncompliance is identified, the DHHS staff evaluates whether a relationship exists between noncompliance data, performance information and strengths and challenges of the local program.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds the State has a general supervision system that is reasonably designed to identify noncompliance in a timely manner using its different components. However, without collecting data at the local level, OSEP cannot determine whether the State's procedures are fully effective in identifying noncompliance in a timely manner.

Required Actions/Next Steps
No action is required.

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
OSEP learned, through interviews with DHHS staff and review of documents, such as monitoring reports, descriptions of monitoring procedures, corrective action plan formats, completed corrective action plans, the State's SPP and APRs, and the State's Part C grant application, that DHHS has established its frameworks to implement its general supervisory responsibilities for New Hampshire's Part C system related to timely correction of compliance.

These frameworks, used collectively, for correcting noncompliance in New Hampshire are: (1) notice of noncompliance within one week of DHHS' completion of its annual on-site data collection visit; (2) corrective action plans (CAPs), which include an analysis of root cause for noncompliance, if necessary; (3) sanctions; (4) verification of correction, including, AA local follow-up reviews and DHHS' on-site record reviews; and (5) training and technical assistance.

DHHS staff uses these strategies to collect qualitative and quantitative information to determine if a local program demonstrates timely correction of noncompliance with IDEA as soon as possible, but no later than one year from the date of identification.

The CAPs describe the regulatory violation(s) of Part C and provide a directed timeline and specific action for timely correction of noncompliance. DHHS staff reported that the CAP is closed when the local program reaches 100% compliance. DHHS also reported that it has the regulatory authority to impose sanctions should a local program fail to take the requisite corrective actions or if the corrective actions do not result in 100% timely correction. The list of sanctions include: (1) advise the local program of available technical assistance, including an option for assigning a peer to assist with implementation of correction; (2) revoke an AA's designation and contract; (3) require the AA to develop a directed CAP or improvement plan; (4) require additional data collection and reporting according to specified timelines; and (5) withhold Part C funds.

DHHS staff reported that the State has used its sanction authority. For example, in 2008, one local program did not demonstrate timely correction of the initiation of timely ESS and was required to perform monthly record reviews and an analysis of the root cause for not achieving timely correction. The State also shortened the time for the local program data submissions for demonstrating progress toward correction and full correction.

The State and local program representatives reported to OSEP that the implementation of these strategies has resulted in: (1) development and implementation of corrective actions that promote communication about, responsibility for, and a better understanding of what is required

in Part C; (2) the creation of a system that addresses both systemic correction and individual child and family concerns; (3) timely correction of noncompliance for FFY 2007 SPP/APR findings for Indicators 7, 8A, 8B and 8C, timely correction for 17 of 18 findings of noncompliance for Indicator 1, and subsequent full correction for the one remaining finding related to Indicator 1 (DHHS also reported in Indicator 9 that 32 or 33 findings of noncompliance were corrected in a timely manner and that the remaining one finding was subsequently corrected. The number of findings in Indicator 9 are a compilation of the findings from Indicators 1, 7, 8A, 8B and 8C.); (4) increased team work and improved communication that DHHS and local program staff reported would likely lead to change and sustain compliance; and (5) data that are valid and reliable. DHHS reported to OSEP that the on-site reviews demonstrated a high degree of corroboration between DHHS staff record reviews and the local program staff record reviews (e.g., DHHS only found a few typographical errors that were easily fixed).

DHHS personnel also remarked that it ties training and technical assistance to issues identified in CAPs or improvement plans, on-site visits, and the AA re-designation process. When statewide training is required, the State uses sign-in sheets to document who attended the training and evaluation forms to determine whether the training met the needs of the participants. DHHS also uses its quarterly meetings with local program staff to disseminate and share promising practices. In addition, DHHS funds an Early Education and Intervention Network (EEIN) that provides statewide training, sponsors the State's longstanding mentorship program, and produces newsletters highlighting promising practices.

The IDEA Part C provisions in IDEA sections 616, 635(a)(10)(A) and 642 and 34 CFR §303.501 require the State to ensure that when it identifies noncompliance with the requirements of Part C by ESS programs and providers, the noncompliance is corrected as soon as possible, and in no case not later than one year after the State's identification of the noncompliance. As explained in OSEP Memorandum 09-02, dated October 17, 2008 (OSEP Memo 09-02), and previously noted in OSEP's monitoring reports and verification letters, to demonstrate that previously identified noncompliance has been corrected, the State must verify that the ESS program/provider: (1) is correctly implementing the specific regulatory requirements; and (2) has corrected each individual case of noncompliance, unless the child is no longer within the jurisdiction of the ESS program/provider. As noted above, the State data showed 97% correction of noncompliance in a timely manner (32 of 33 findings of noncompliance corrected) and the one remaining finding was subsequently corrected.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds the State has a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner. However, without also collecting data at the local level, OSEP cannot determine whether the system is fully effective in correcting noncompliance in a timely manner.

Required Actions/Next Steps
No action required.

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
In 2006, OSEP approved DHHS' policies and procedures and parents' rights notice related to all dispute resolution requirements as consistent with the 2004 amendments to IDEA. At the time of the visit, DHHS reported to OSEP that it was making one revision to the rights notice and will send it to OSEP for review and approval when the draft revision is completed.

The DHHS staff reported receiving no requests for due process hearings since the inception of the Part C system in New Hampshire. DHHS reported in its FFY 2007 APR that one written complaint was filed during that reporting period and that the written report regarding this complaint was issued six days late. The DHHS staff provided documentation to OSEP that the matters related to this one complaint were resolved. OSEP staff discussed this issue and provided technical assistance, at the State's request, during the verification visit. As a result of the technical assistance, the DHHS staff reported to OSEP that it has a clearer understanding of the Part C regulations that relate to time extensions for issuing a report in exceptional circumstances and intends to review its practices to ensure that, should an exceptional circumstance occur, the State documents the circumstances timely.

In its FFY 2007 APR, DHHS reported that one of two mediation requests resulted in a mediation agreement. The second mediation request was withdrawn. DHHS provided documentation to OSEP that the matters involved in the mediation agreement were addressed by the local AA.

OSEP learned that DHHS encourages the local programs to resolve any problems or questions by families or providers at the program level. The local programs submit information about local issues and their resolution to DHHS monthly. If parents are not satisfied with the local response to questions or concerns, the program staff encourages parents to contact DHHS staff. DHHS staff is available to respond directly to parents' issues and maintains a log of issues, questions, timelines and results. DHHS staff also reported to OSEP that it always follows up with parents via telephone to ensure any complaints or inquiries were resolved to the parents' satisfaction.

During the verification visit, the DHHS staff and OSEP also discussed how DHHS informs parents of the dispute resolution procedures under Part C of IDEA. The DHHS staff told OSEP that the family service coordinator is the primary contact for informing parents of the dispute resolution procedures, and that information regarding these contacts is gathered during the self-assessment and on-site record review processes, described above in section one of this report. As a related topic, the PTI reported that a very high percentage of families returning surveys indicated that they know their rights under Part C of IDEA. (See above under "Stakeholder Input.")

DHHS requires the local program staff to participate in annual training regarding dispute resolution procedures. DHHS has four mediators and two hearing officers who participate in individualized training provided by a DHHS attorney prior to any mediation or hearing. DHHS staff explained that they found the annual refresher and individualized training are the most effective method to deliver this training because it provided staff, mediators and hearing officers with the most up-to-date information about Part C's statutory and regulatory requirements.

OSEP Conclusions
Based on the review of documents and interviews with State and local personnel, OSEP determined the State has procedures and practices that are reasonably designed to implement the dispute resolution requirements of IDEA. However, because the State has not received any due process hearing requests, OSEP could not determine the effectiveness of those procedures and practices.

Required Actions/Next Steps
No action is required.

Critical Element 4: Improving Early Intervention Results and Functional Outcomes
Does the State have procedures and practices that are reasonably designed to improve early intervention results and functional outcomes for all infants and toddlers with disabilities?

Verification Visit Details and Analysis
In 2008 and 2009, the U.S. Department of Education determined that, under IDEA sections 616(d) and 642, New Hampshire met the requirements of Part C of IDEA. The Department's determination was based on the totality of the State's data and information, including the State's FFY 2006 and FFY 2007 APRs and revised SPP, other State-reported data, and other publicly available information. The State provided valid and reliable data that reflected the measurement for each indicator and reported timely correction of its findings of noncompliance or high levels of compliance.

The State's trend data continues to show increases in the number of children served under Part C each year (3.68% in December 2007). DHHS staff reported to OSEP that it believes this is a result of a number of community initiatives related to child find and public awareness, including: (1) joint child find activities conducted by the local program staff and local educational agencies (LEAs); (2) local interagency coordination and collaboration efforts; (3) the Watch Me Grow (WMG) initiative (see more information below); and (4) family guides translated into languages relevant to New Hampshire.

To address concerns about effective early childhood transition practices, in the fall of 2005, DHHS and the New Hampshire Department of Education (NHDOE) funded an initiative, Supporting Successful Early Childhood Transitions (SSECT), to improve transition outcomes for young children and families. The purposes of SSECT were to build the capacity of local programs and LEAs to ensure a smooth and effective transition and to provide information and resources to families so that they were informed, knowledgeable and prepared to actively

participate in their child's transition. The local program staff remarked that this project had required them to develop local transition agreements with LEAs and had resulted in better working relationships between the local programs and LEAs. As a related result, DHHS reported level of compliance with the IDEA early childhood transition requirements increased from 69% in FFY 2005 to 99% in FFY 2007.

DHHS staff reported to OSEP that local programs have worked together with the State to ensure that all eligible infants and toddlers have an IFSP within 45-days of referral to the local program. DHHS' biggest challenge in this regard relates to personnel shortages and turnover. The DHHS staff remarked that it established an "Early Interventionist Certification" to increase the number of professionals available to conduct interdisciplinary evaluations. At the time of OSEP's visit, three practitioners had been awarded this certification. In addition, the local program staff told OSEP that their continuous monitoring of data and child records has heightened their awareness of when timelines might be in jeopardy. As a related result, DHHS's level of compliance with the 45-day IDEA timelines increased from 88% in FFY 2005 to 100% in FFY 2007. Local program personnel also told OSEP that families told them they appreciated the quick response from the system. Local program staff further told OSEP they believed that families felt respected because the programs did not make them wait for services to begin.

During the visit, DHHS told OSEP that DHHS had collected child outcome (entry and exit) data for approximately 800 children. DHHS staff also told OSEP that preliminary analyses of the data will provide the State a road map for further investigation and would assist DHHS and SICC in setting appropriate targets for the SPP/APR Indicator 3. This information will be reported in the State's FFY 2008 SPP/APR. The State reported to OSEP that it believes that enhanced utilization of early childhood outcome data will have an impact on program development in a cascading manner from the child and family levels to the State level. For example, review and analysis of early childhood outcome progress data at the child level could provide additional insight into a child's strengths and needs, and thereby improve the child's functional abilities across multiple child developmental domains. At the direct service level, this review could lead to modifying IFSP outcomes and interventions more frequently, as appropriate, and lead to State policy changes.

DHHS reported that it used survey data to obtain a pulse of families' impressions about whether the local programs help families communicate their child's needs and help the family help their child develop and learn. Of 284 respondents, 252 or more families responded positively. The PTI survey (described above under "Stakeholder Input") corroborated these results. The SICC told OSEP that it established a standing committee to annually review the results of family surveys and make recommendations to DHHS about possible improvement activities, as appropriate.

OSEP Conclusions

Based on the review of documents and interviews with State and local personnel, OSEP finds the State has procedures and practices that are reasonably designed 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 assurances (i.e., monitoring and enforcement, CSPD and interagency agreements, contracts or other arrangements)?

Verification Visit Details and Analysis
During OSEP's verification visit, DHHS staff reported on the implementation of Part C grant application assurances related to monitoring and enforcement (specifically, local determinations and public reporting), interagency agreements, and the State's system for personnel development.

Local Determinations and Public Reporting: As a part of its responsibilities under sections 616 and 642 of the IDEA, each State must annually report to the public on the performance of each local program against the State's SPP/APR targets and must make an annual determination for each local program. OSEP reviewed the State's website and determined that the State met its annual reporting requirements in accordance with IDEA for the FFY 2005, FFY 2006, and FFY 2007 SPPs/APRs. In addition, in making determinations (e.g., meets requirements, needs assistance, needs intervention or needs substantial intervention), the State developed a methodology to make its determination based on the IDEA requirements and OSEP's guidance, including progress toward 100% compliance, repeated occurrences of noncompliance, timely data submissions, findings from on-site visits, and fiscal management. DHHS staff provided a written summary of current determinations for local programs, as well as determinations for 2007 and 2008. The State disseminates notices of determination annually in May. If enforcement is required, the notices will include this information. OSEP reviewed the local determinations and methods used by the State and the reports issued by the State and determined that each local program "met requirements" in its 2009 determinations.

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 SEA) and potential interagency agreements regarding referrals of children under the Child Abuse and Protection and Treatment Act (CAPTA).

DHHS is the only State agency that provides ESS, which it does directly through contracts. DHHS staff confirmed that DHHS uses Federal Part C funds as the payor of last resort and ensures ongoing service provision for IFSP services in a timely manner during any disputes regarding financial responsibilities. (See fiscal section of this report below.)

DHHS has a current, signed interagency agreement with the NHDOE that addresses child find and transition. DHHS and NHDOE require each local program and LEA to have an interagency

agreement that contains specific procedures about how child find and early childhood transition activities will occur at the local level. In addition, DHHS staff and the Division for Children, Youth, and Families (DCYF) staff (the Division responsible for coordinating screening and referral of infants and toddlers who are involved in substantiated cases of child abuse or neglect in accordance with CAPTA), are cosponsoring a pilot program, WMG, located in three community-based Family Resource Centers (FRCs). (FRCs are DCYF regions.) The FRCs serve as an administrative hub responsible for training local staff in best practices for working with families to better understand their child's development and to ensure that referrals are made to appropriate agencies. DHHS staff considers DCYF caseworkers to be active partners within the WMG network who are responsible for ensuring all families are screened and/or referred to Part C or other community services. The other partners in this endeavor include special medical services, maternal and child health, Head Start and child care. DHHS and DCYF plan to roll out WMG networks statewide by 2011. Because the WMG pilots are new, the State did not have specific results to report at the time of OSEP's visit.

Personnel Development: DHHS staff told OSEP that personnel recruitment and retention are ongoing challenges. The State determines training needs through analysis of relevant data, performance indicators, monitoring results, discussions with local programs and recommendations from the SICC. One of the many strategies the State has implemented to address these challenges is the support of the statewide EEIN, a group comprised of families and professionals involved with infants and young children (birth to 6 years) with disabilities. (The NHDOE also supports the EEIN.) EEIN provides networking, training, and public education via conferences, forums, roundtables, newsletters, and special projects. For thirteen years, EEIN has provided a mentorship program, an individualized approach to staff development, through one-to-one assigned mentors and mentees or groups of two to three staff. Mentorships have included personnel from: the DHHS, Head Start, child care, higher education, community mental health centers and health agencies.

OSEP Conclusions
Based on the review of documents and interviews with State and local personnel, OSEP finds the State has procedures and practices that are reasonably designed to implement selected grant application requirements (i.e., local determinations, public reporting, and interagency agreements and personnel development).

Required Actions/Next Steps
No action is required.

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
In interviews with OSEP, the DHHS staff reported that it uses two electronic databases and manual on-site record reviews to collect and report data to the Department and the public under sections 618 and 616 (SPP/APR) of the IDEA.

At referral, the AAs enter the child's referral date, demographic information, and a unique child identifier into an electronic database entitled "NH Leads." DHHS uses a second database, entitled "NHSEIS" (a database operated by the NHDOE for DHHS through a Memorandum of Agreement), primarily to enter, collect and report data for section 618 and SPP/APR performance Indicators 2, 3, 5, and 6, related to settings of Part C services, child outcome data, and unduplicated count of young children served in Part C, respectively.

DHHS maintains confidentiality through the use of various passwords, user identification numbers, and limitations on the number of State and local program staff that can enter, view and modify personally identifiable information in the data system. The State contracts with an off-site vendor to ensure the information in the NHSEIS database matches State and Federal data definitions and two additional local program personnel are available to AAs and local programs to address technical questions about the operation of the electronic system.

DHHS uses the data collected through the State's manual process (child and family record reviews and hand tabulation) to ensure compliance with Part C regulations, including the SPP/APR compliance Indicators 1 (timely Part C services), 7 (45-day timelines and IFSP), 8A (transition plans in IFSPs), 8B (notification to LEAs, 8C (timely transition conferences) and 9 (timely correction of noncompliance). The DHHS staff collects these data from every local program every year and verifies and validates the congruence between the data in the child's records and the State's electronic databases.

DHHS staff explained how the DHHS ensures the accuracy of data through: (1) statewide rules that serve to eliminate data entry errors through automated checks and balances; (2) standardized electronic and paper forms; and (3) carefully defined data entry fields and drop down menus. DHHS staff indicated that, if any data anomalies are identified, the DHHS staff implements its procedures by providing technical assistance and ensure correction between 24 hours to two weeks, depending on the nature of the data anomalies.

DHHS staff told OSEP that other important activities, such as holding quarterly meetings with AAs and local program managers to discuss and solve data collection concerns and providing timely responses to questions that arise in the field about data concerns, also support its data systems' accuracy and reliability.

OSEP Conclusions
Based on the review of documents, analysis of data, demonstration of the system and interviews with State and local personnel, OSEP finds the State has 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. However, without also conducting a review of data collection and

reporting practices at the local level, OSEP cannot determine whether all public agencies in the State implement the State's data collection and reporting procedures in a manner that is consistent with Part C.

Required Actions/Next Steps
No 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
DHHS staff reported on and provided copies to OSEP of the statewide data collection forms that all AAs and local programs use to collect and enter data into the electronic database and to record self-reviews of child records. DHHS holds the AA administrators accountable for providing data and information that are complete and creditable and evaluates each AA and local program's procedures and capacity for collecting and reporting data during DHHS' annual on-site visit and re-designation process.

OSEP Conclusions
Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds the State has procedures that are reasonably designed to verify that the data collected and reported reflect actual practice and performance. However, without conducting a review of data collection and reporting policies at the local level, OSEP cannot determine whether all public agencies in the State implement the DHHS' data collection and reporting procedures in a manner that reflects 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?

Verification Visit Details and Analysis
During the visit, the State and local program staff frequently discussed the use of continuous data collection to: (1) link data with program improvement and compliance; (2) meet the training and technical needs of the State's Part C system that lead to maintenance of compliance and retention of qualified personnel; and (3) implement collaborative activities between DHHS staff, AAs and local programs and other agencies to promote program improvement and achieve compliance. DHHS staff told OSEP that data collection and analysis is an integral part of DHHS's ongoing activities. For example, the State has a prescribed schedule for its reviews and data collection in each AA and local program, beginning with "status meetings" held in March each year with DHHS staff, AA managers and other AA personnel, and local programs. As a result, DHHS

staff reported to OSEP that each local AA and local program has a clear picture of the current status and progress resulting in a uniform mechanism for analyzing information regarding performance and compliance.

OSEP Conclusions
Based on the review of documents, analysis of data, demonstration of data system capabilities and interviews with State and local personnel, OSEP determines that the State 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
The State has financial and management systems in place to ensure the timely obligation and liquidation of funds. The New Hampshire Department of Administrative Services is the state agency responsible for managing and coordinating all state administrative and financial functions, including operating the State's automated accounting system used for cost allocation, cash management (including obligation and liquidation), and budgetary control. Within the DHHS, the Bureau of Finance's Office of Business Operations, is responsible for accounting and financial management services and internal business functions, including providing ongoing financial reporting and analyses, accounts payable and receivable, and conducting internal audits. In addition, BDS requires its fiscal and program managers to monitor and discuss, monthly, expenditures by accounting code and account balances for Part C funds. In addition, the AAs and local programs are required to submit monthly fiscal data (via an Excel spread sheet). DHHS staff uses these reports to monitor contract activities, such as revenue, expenses, services provided, and Medicaid usage.

Obligation of Part C funds can only occur after the Governor and a State Executive Council accepts the Federal Part C grant award. DHHS can then obligate the funds when the local AA and DHHS sign and process AA contracts. The fiscal manager in BDS monitors the liquidation of the Part C grant and notifies the State Treasury to close out the account. DHHS reported that it obligates and liquidates its Part C grant prior to the end of each Federal funding year. (Part C funds are available for obligation for an additional twelve months after the Federal funding year.)

According to the U.S. Department of Education's Grant Administration and Payment System, New Hampshire liquidated all of its Part C funds between FFY 2002 and FFY 2008. At the time of OSEP's visit, the lead agency was not yet required to liquidate its FFY 2009 Part C grant award funds.

OSEP Conclusions
Based on the review of documents, analysis of data and interviews with State and local personnel, OSEP finds the State has procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds at the State level.

Required Actions/Next Steps
No action is required.

Critical Element 2: Appropriate Use of IDEA Funds
Does the State have procedures that are reasonably designed to ensure appropriate use of IDEA funds?

Verification Visit Details and Analysis
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, Office of Management and Budget Circular A-87, and other applicable Federal requirements. DHHS utilizes private insurance, Medicaid, and State-directed funds to provide ESS. Functions built into the State's accounting system prevent commingling of any of the sources of funding. Federal Part C funding covers the salaries for the Part C coordinator, a program specialist, and an administrative assistant; maintenance and implementation activities at the State level; the SICC; and direct services not covered by State funds or private or public insurance.

To ensure that AAs are expending all Federal and State funds appropriately, DHHS requires AAs to conduct an annual independent financial audit and to submit these audits to DHHS prior to the issuance of new contracts to the AAs. A DHHS internal auditor reviews each audit and follows-up with the DHHS staff responsible for Part C, if needed. (See other responsibilities of the internal auditor below.) DHHS staff reported to OSEP that the State has transparent systems in place regarding how Part C funds are utilized. For example, each area board, comprised of stakeholders from its respective communities, consistently reviews and discusses the fiscal accounting and use of the Part C funds during its regular meetings. The AAs also employ business managers that are responsible for monitoring, completing, and submitting monthly and quarterly financial reports to DHHS in accordance with State-established procedures. DHHS staff responsible for Part C and the internal auditor regularly review these reports.

In addition to reviewing all AAs' annual audits, DHHS's Internal Audit Unit provides independent appraisals of various operations and systems of control to determine whether processes are following legislative requirements and established policies, procedures and standards. The Internal Audit Unit also has the authority to determine if resources are used efficiently and economically and if planned objectives are accomplished effectively.

DHHS staff reported that its policies for payor of last resort are outlined in the State's Part C policies and procedures on file with the U.S. Department of Education and those policies include the State's system of payments regarding the use of public and private insurance. The AAs have

procedures and automated accounting systems that ensure the Federal Part C dollars are used as payor of last resort. DHHS personnel reported to OSEP that it accesses private insurance and Medicaid first whenever a child is eligible and the service is a reimbursable or claimable service. If the ESS are not timely approvable or not approved under public or private insurance, Part C State funds are used to pay for the services; then Federal dollars are the payor of last resort.

OSEP requested evidence that the non-supplant provisions were implemented in accordance with Part C of IDEA for at least the past three years. DHHS staff provided documentation to OSEP of its compliance with this provision for its Part C grants from FFY 2006 through FFY 2008. The State also provided the following percentages of overall expenditures from Federal and State sources from FFY 2006-FFY 2008:

- FFY 2006: Federal 45%, State 55%;
- FFY 2007: Federal 44%, State 56%;
- FFY 2008: Federal 37%, State 63%.

DHHS has a current, approved cost allocation plan (CAP) related to indirect costs charged to the Part C grant. The State reported to OSEP that it submitted a revised CAP to its Federal cognizant agency on June 2, 2009, that will supersede its current CAP when it is approved.

OSEP Conclusions
Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP finds the State has procedures that are reasonably designed to ensure appropriate use of IDEA funds at the State level.

Required Actions/Next Steps
No action is required.