



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

JAN 22 2008

Honorable Michael J. Willden
Director
Nevada Department of Health and Human Services
4126 Technology Way, Room 100
Carson City, Nevada 89706-2009

Dear Director Willden:

The purpose of this letter is to inform you of the results of the Office of Special Education Programs' (OSEP) verification and focused monitoring visit to Nevada during the week of September 17, 2007. My August 15, 2007 letter informed you that OSEP is conducting verification and focused monitoring visits to a number of States as part of our Continuous Improvement and Focused Monitoring System (CIFMS) for ensuring compliance with, and improving performance under, Part C of the Individuals with Disabilities Education Act (IDEA). As re-authorized in 2004, IDEA requires the Department to monitor States with a focus on: (1) improving early intervention results and functional outcomes for infants and toddlers with disabilities; and (2) ensuring that States meet program requirements, particularly those most closely related to improving early intervention results for infants and toddlers with disabilities.

The purpose of our verification and focused monitoring visit was to evaluate the State's general supervision and data systems in order to assess and improve State compliance and performance, child and family outcomes, and the protection of child and parent rights and to review the State's procedures for its use of IDEA funds and the timely obligation and liquidation of those funds. During the verification and focused monitoring visit, OSEP: (1) analyzed the components of the State's general supervision and data systems to determine the extent to which they are designed to ensure compliance and improve performance; and (2) targeted compliance and results issues identified in our June 15, 2007 letter responding to the NDHHS's Federal fiscal year (FFY) 2005 Annual Performance Report (APR)/State Performance Plan (SPP).

The Nevada Part C lead agency is the Nevada Department of Health and Human Services (NDHHS). Within NDHHS, the Bureau of Early Intervention Services (BEIS) is specifically responsible for administering Part C of IDEA in Nevada. Early intervention services are provided in Nevada through five regionally-based early intervention service (EIS) programs. BEIS operates three programs through which NDHHS state employees provide services: Northwest Nevada Early Intervention Services (Northwest NEIS), Northeast Nevada Early Intervention Services (Northeast NEIS), and Southern Nevada Early Intervention Services (Southern NEIS). And BEIS contracts with two other programs, Easter Seals of Southern Nevada (ESSN) and REM Nevada (REM), to make early intervention services available in the greater Clark County area. NDHHS reported in its most recent 618 Federal child count data submission (Fall 2006) that 1,520 infants and toddlers with disabilities received early intervention services through its three BEIS programs and ESSN and REM. NDHHS staff

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indicated that 2,137 infants and toddlers with disabilities received early intervention services in Nevada in the fourth quarter of State FY 2007, which number when disaggregated by EIS program is as follows: 1,255 children - Southern NEIS, 110 – Northeast NEIS, 676 - Northwest NEIS, 55 - ESSN, and 41 - REM.

As part of our visit to Nevada, OSEP staff met with Wendy Whipple, NDHHS's Part C Coordinator, and State personnel responsible for: (1) NDHHS's general supervision system (including monitoring, mediation, State complaint resolution, and impartial due process hearings) and its procedures for use of IDEA Part C funds and the timely obligation and liquidation of those funds; and (2) the collection and analysis by NDHHS of required State-reported data under IDEA. OSEP staff also conducted local focused monitoring of three EIS programs in southern Nevada: Southern NEIS, ESSN, and REM.

Prior to and during the visit, OSEP staff reviewed a number of documents, including the following: (1) Nevada's FFY 2005 APR submitted to OSEP in February 2007; (2) Nevada's SPP submitted to OSEP in December 2005; (3) Nevada's grant applications under Part C of the IDEA for Federal FYs 2005, 2006, and 2007; (4) OSEP's Verification Visit letter to Nevada, dated October 27, 2003; (6) NDHHS's web-site; (7) 25 individual infant and toddler records from Southern NEIS, ESSN, and REM, and (8) other pertinent data. The information provided by NDHHS staff during the OSEP visit, together with all of the information that OSEP staff reviewed in preparation for the visit, greatly enhanced our understanding of the NDHHS's systems for general supervision, data collection and reporting, and financial accountability.

Listed below is the discussion, followed by conclusions and required actions, organized by the critical elements used by OSEP to guide our review of each State's general supervision, data and IDEA fiscal systems.

General Supervision System - Discussion

Critical Element 1: Does the State have a general supervision system that is reasonably designed to identify noncompliance?

BEIS reported that it has implemented a new multi-faceted system of general supervision since OSEP's last visit in 2003 and the State's submission of its SPP in December 2005. System components include: (1) supported comprehensive and focused self-assessment of local programs; (2) ongoing data analysis; (3) data verification at least four times per year; (4) focused monitoring as needed; and (5) training and technical assistance. BEIS staff explained that the first four elements are used to identify noncompliance and that correction is ensured through training and technical assistance and verified through on-going data reporting, analysis, and verification and monitoring.

BEIS staff reported that the foundation of its general supervision system is a two-year self-assessment, or Phase I and Phase II, completed in collaboration with a BEIS staff member and other key stakeholders, including parents. The self-assessment is designed to monitor the implementation of Part C of IDEA and relevant State policy in each of the five EIS programs in

the State. BEIS monitors EIS programs on a cyclical basis so that each EIS program is completing either Phase I or Phase II of the self-assessment at any given time. Generally, Phase I begins in July of a calendar year and is completed in approximately three months. At the conclusion of Phase I, an EIS program submits a report to BEIS that includes data and potential findings of noncompliance. Subsequently, an EIS program in collaboration with its BEIS liaison develops a proposed corrective action plan (CAP) that is submitted to BEIS no later than October 1st of that same calendar year. Within 30 days after the submission of the proposed CAP to address potential areas of noncompliance, BEIS officially notifies an EIS program of any findings of noncompliance, approves the CAP (if approvable) and expressly notifies an EIS program that it must correct all findings of noncompliance within one year of BEIS' identification.

Phase I, the identification and analysis phase, is a comprehensive self-assessment, facilitated by a BEIS staff member, used to identify program strengths and noncompliance. The results of the self-assessment, including identification of noncompliance, are easily verified by BEIS because a BEIS staff member is always an integral part of the self-assessment team.

BEIS staff and EIS programs reported that they draw on a variety of data sources during Phase I to identify potential noncompliance and to ensure the effective implementation of early intervention services to infants and toddlers with disabilities. These sources include, but are not limited to: previous monitoring reports; due process data (complaints, mediations, resolution sessions, and hearings); program data (child count, fiscal year summaries, public awareness and child find activities, analysis of statewide data (e.g. 45-day timelines and natural environment data)); child record review; family surveys; community surveys; State staff and contracted personnel surveys; observations; personnel standards (for State employees and State-contracted employees); and contracts and sub-awards with community-based providers.

In addition to the phased self-assessment process, BEIS uses focused monitoring to collect information in a specific area. Focused monitoring may be used to target areas that are new but were not included when the EIS program began Phase I, or in areas in which BEIS has determined that additional "drill-down" data are needed to identify the root cause of a particular area of noncompliance.

BEIS staff reported that it currently defines noncompliance as any area in which the data indicates compliance below 90%. BEIS staff indicated that 90% - 94% compliance is considered "in compliance", but in a "maintenance" status where EIS programs must continue to address these areas through correction activities to ensure improvement. Substantial compliance, with no progress reporting required, is set at 95% compliance or higher. OSEP finds that NDHHS's establishment of a single ninety percent (90%) threshold for making all findings and identifying all noncompliance in EIS programs is inconsistent with Part C monitoring and correction requirements in IDEA sections 616, 635(a)(10)(A) and 642 and 34 CFR §303.501. While the State may determine the specific corrective action that is needed to ensure correction of noncompliance, and may take into account the extent of the noncompliance in determining what corrective action is needed, the State must ensure the correction of any noncompliance, notwithstanding the extent of the noncompliance.

Critical Element 2: As part of its general supervision system, does the State have mechanisms in place to compile and integrate data across systems (e.g., 618 State-reported data, due process hearings, complaints, mediation, previous monitoring results, etc.) to identify systemic noncompliance issues?

BEIS reported that it has developed the “Information Compilation/Integration” matrix to compile and integrate data across EIS programs and compliance areas for the purpose of identifying systemic issues and problems. Data sources are listed across the horizontal axis and compliance areas are listed down the vertical axis. The matrix provides a concise view of which data were collected from which source and to which compliance area(s) data relate. The matrix also allows BEIS to verify that it has collected data from multiple sources for a particular compliance area in order to verify the data’s reliability.

BEIS reported that, using an analysis of data gathered through TRAC (Tracking Resources and Children) it successfully lobbied the State Legislature for more funding for BEIS. The increased funding has allowed BEIS to hire more staff and has enabled BEIS to near substantial compliance for the 45-day timeline requirement. Southern NEIS has been working since late 2006 to revise its systems for evaluation and individualized family service plan (IFSP) development. It revised the scheduling procedures, hired new support staff, and added additional time slots for entry meetings. These activities contributed to the decrease in average time from referral of a child to Part C to the child’s initial IFSP team meeting from 117.8 days in the fourth quarter of fiscal year 2005 to 24 days in the fourth quarter of fiscal year 2007.

Critical Element 3: Does the State have a system that is reasonably designed to correct identified noncompliance, including the use of State guidance, technical assistance, follow-up, and – if necessary – sanctions?

BEIS procedures require correction of noncompliance during Phase II, the improvement phase of the general supervision system. BEIS requires an EIS program to submit regular progress reports and updated data, as well as data gathered from all of the sources listed above in the explanation of Phase I to BEIS, to demonstrate correction of previously identified noncompliance within one year of BEIS’s identification.

BEIS reported that it has a system for providing guidance and technical assistance, as well as a system of sanctions and other enforcement provisions, to EIS programs to ensure the timely correction of noncompliance. BEIS uses methods such as targeted technical assistance based on EIS program performance on priority indicators, mandatory “strength-based” professional development, and data-based review to monitor improvement. BEIS staff may also participate in EIS program management team meetings and strategic planning groups.

Targeted technical assistance and guidance is provided based on the outcomes of the EIS program supported self-evaluation. BEIS staff routinely meets with EIS program staff to provide training in areas that are not in substantial compliance. Examples of recent technical assistance include guidance on meeting the 45-day timeline, IFSP content, and service coordination requirements under Part C. BEIS has also provided extensive technical assistance to ESSN and

REM regarding development and implementation of basic policies and procedures as well as IDEA and State requirements.

BEIS reported that it relies heavily on using a “strength-based” approach to improvement. High performing staff have been recruited to serve as mentors for new staff or staff that are not high performing. BEIS reported that this system has contributed to timely correction and has reduced staff turnover. Sanctions and enforcement are other methods used by BEIS to ensure timely correction by Nevada’s EIS programs. The State reported that the use of sanctions and enforcement provisions with its State-operated EIS programs, the NEIS programs, has led to the correction of noncompliance within the required timelines. For example, BEIS reported that NDHHS staff performance standards are directly tied to IDEA and State requirements and have been used effectively to ensure compliance with IDEA Part C and State requirements. Additionally, BEIS also has the ability to delay payments to a particular NEIS program if that NEIS program is unable to demonstrate substantial compliance or progress towards timely correction. However, despite the presence of longstanding noncompliance, BEIS reported that sanctions and enforcement have not been successfully used with the two non-State operated entities, ESSN and REM, due to contractual limitations; this is addressed further below under Critical Element 4.

During the visit, OSEP also conducted local focused monitoring in three local EIS programs, Southern NEIS, ESSN, and REM, to verify that BEIS and its EIS programs have remained in compliance with timely transition requirements and are continuing to make progress towards achieving statewide compliance with the 45-day timeline requirements.¹ OSEP reviewed a total of 25 records that were representative of the population served – 10 for transition requirements and 15 for 45-day timeline requirements. Ten of the 10 records reviewed for transition contained all of the required elements (including documentation of timely transition conferences) and 15 of the 15 records reviewed for the 45-day timeline requirements contained all of the required elements (regarding documentation of timely initial evaluation, assessment and initial IFSP meeting). Additionally, BEIS provided its fourth quarter State FY 07 statewide data regarding the 45-day timeline that initially indicate 92.5% statewide compliance with the 45-day timeline requirements.

Critical Element 4: Has the State has identified any barriers (e.g., limitations on authority, insufficient staff or other resources, etc.) that impede the State’s ability to identify and correct noncompliance in a timely manner? If barriers have been identified, what mechanisms has the State put in place to address those barriers?

BEIS reported that it has identified several barriers that impede its ability to identify and correct noncompliance in a timely manner. BEIS reported that Nevada has a longstanding early

¹ Nevada’s FFY 2007 Part C grant contains Special Conditions to ensure that initial evaluations, assessments and IFSP meetings are conducted within 45 days of referral, as required by 34 CFR §§303.321(e)(2), 303.322(e)(1), and 303.342(a). Special conditions regarding the timely transition conference requirements in IDEA section 637(a)(9) and 34 CFR §303.148(b)(2)(i) were lifted after FFY 2006 when Nevada’s May 21, 2007 progress report data indicated compliance with timely transition conferences.

intervention personnel shortage. BEIS identified several reasons for this shortage. Historically, the number of qualified providers needed to serve the increasing number of Part C eligible infants and toddlers in Nevada simply did not exist. (The number of referrals to the Part C program in the last State fiscal year was three times the number of children exiting the program.) The State reported that it worked with institutions of higher education to develop programs that would attract and train the types of needed professionals. A qualified base of providers is now being trained in Nevada. The State legislature has allocated the money to fund early intervention services, but BEIS cannot compete with comparable salaries and benefits offered by local educational agencies (LEA) in Nevada, as well as surrounding States, which has led to difficulty in recruiting and retaining the qualified service providers. ESSN and REM, the contracted service providers, are also faced with early intervention staff shortages due to similar recruitment, retention, and salary scale issues. For example, ESSN experienced a 100% staff turnover in 2007.

BEIS identified two separate limitations on authority – (1) subaward and contract language and (2) limited authority over funding – as barriers that impede Nevada’s ability to identify and correct noncompliance in a timely manner.

In addition to the State-operated EIS program, infants and toddlers with disabilities in the greater Clark County area of southern Nevada may also receive services through ESSN and REM. ESSN operates under a grant with NDDHS and REM operates under a contract with NDHHS. Each of these documents includes a standard 30-day termination provision for failure to comply with contractual terms, but neither includes enforcement provisions or sanctions that may be used if the EIS program fails to meet specific IDEA requirements. BEIS reported that the lack of specific language has limited its authority to ensure the timely identification and correction of noncompliance. (While neither ESSN nor REM currently receives Part C funds, pursuant to 34 CFR §303.501(a)(2), each lead agency is responsible for the monitoring of programs and activities used by the State to carry out Part C of IDEA, whether or not these programs or activities are receiving Part C funds, to ensure that the State complies with Part C of IDEA.) BEIS also reported that it has constrained authority to use fiscal sanctions because of its current time-limited authority over the funding for State EIS programs and community-based EIS programs. BEIS reported that the State is currently considering reorganizing and may relocate the Part C program to another branch within NDHHS. BEIS reported that the reorganization may alleviate some of the limits on fiscal authority.

Critical Element 5: Does the State have dispute resolution systems that ensure the timely resolution of complaints and due process hearings?

BEIS reported that it has adopted Part B due process hearing procedures under 34 CFR §303.420 and has dispute resolution systems in place to ensure the timely resolution of State complaints and due process hearings. As of September 16, 2007, BEIS reported that it has not logged in any mediation or due process complaint requests. BEIS reported that it received six State complaints in FFY 2005 and all were resolved within the 60-day timeline. State complaints are tracked from receipt to resolution. This process ensures timely investigation, issuance of findings, and correction of any identified noncompliance. Individual cases of noncompliance are addressed

and corrected within one year of identification. Any systemic noncompliance identified through an investigation is noted by BEIS staff and corrective action reporting is included in an EIS program's corrective action plan related progress reports.

Critical Element 6: Does the State have mechanisms that focus on improving early intervention results and functional outcomes for all infants and toddlers with disabilities?

BEIS reported that its entire system (program performance, data, and public awareness) is built around ensuring improved results and outcomes for infants and toddlers with disabilities and their families. BEIS was able to provide documentation regarding both State-level and EIS program level mechanisms that have had a direct impact on improved outcomes for infants and toddlers. For example, BEIS reported that, using an analysis of data gathered through TRAC (Tracking Resources and Children) it successfully lobbied the State Legislature for more funding for BEIS. The increased funding has allowed BEIS to hire more staff and has enabled BEIS to near substantial compliance for the 45-day timeline requirement. Southern NEIS has been working since late 2006 to revise its systems for evaluation and IFSP development. It revised the scheduling procedures, hired new support staff, and added additional time slots for entry meetings. These activities contributed to the decrease in average time from referral of a child to Part C to the child's initial IFSP team meeting from 117.8 days in the fourth quarter of fiscal year 2005 to 24 days in the fourth quarter of fiscal year 2007.

In addition, BEIS reported that its efforts to improve outcomes for infants and toddlers with disabilities is not specifically limited to correction of noncompliance areas, such as the 45-day timeline. BEIS reported that its increased outreach and child find activities have led to an increase in the total number of eligible children served, parent involvement is fully supported and EIS programs have developed innovative parent and family involvement activities such as support groups, a siblings club, family social events, and respite services that have led to an increase in parent satisfaction reported. Finally, BEIS reported that providers continually add new programs targeting improved outcomes for infants and toddlers with disabilities. Current examples include the Hanen Language Program, the behavioral assessment team, and the Dual Sensory Project.

General Supervision System – Conclusions and Required Actions

Based on OSEP's review of Nevada's Part C monitoring system during the visit, OSEP was able to determine that BEIS's new system of general supervision is reasonably designed to identify and correct noncompliance in State-operated BEIS programs in a timely manner. The system utilizes different sources of data to monitor implementation of Part C and BEIS staff cross-reference all available data in order to verify the data reported by EIS programs and collected by BEIS staff.

However, OSEP finds that NDHHS's ninety percent (90%) threshold for making findings and identifying noncompliance in EIS programs is inconsistent with Part C monitoring and correction requirements in IDEA sections 616, 635(a)(10)(A) and 642 and 34 CFR §303.501. Using a specific percentage threshold does not take into account the magnitude of the

noncompliance regarding the number of children served, the length of time, the reasons for the noncompliance. While a State may determine when a noncompliance is systemic and the level of noncompliance that requires a corrective action plan or other corrective action measures and the levels the State may use to conduct local determinations under IDEA section 616, the State must ensure that its standard for compliance is 100%. Therefore, BEIS must remove the 90% threshold for identifying noncompliance.

Within 60 days from the date of this letter or with the State's FFY 2006 APR due on February 1, 2008, NDHHS must provide a written assurance that it has not adopted a specific percentage threshold for identification and correction of Part C noncompliance in EIS programs and that it has informed all EIS programs in the State of the revocation of its 90% standard.

The State's general supervision system is reasonably designed to timely correct noncompliance with respect to the State-operated EIS programs. BEIS's use of enforcement actions and sanctions in NEIS programs has also proven to be an effective method of ensuring timely correction of noncompliance in State-operated EIS programs.

However, BEIS's lack of enforcement language in the ESSN subaward and REM contract appear to contribute to BEIS's inability to ensure timely correction by these two EIS programs. The State's lack of contractual or other authority regarding sanctions appears to provide BEIS little leverage to ensure that noncompliance is corrected in a timely manner by the two non-State operated EIS programs. Within 60 days from the date of this letter, NDHHS must provide its proposed contractual and subaward enforcement and data reporting provisions and assure that it will expressly include such language in its next funding awards to REM and ESSN.

Data System – Discussion

Critical Element 1: Does the State have a data system that is reasonably designed to collect and report to the Department and the public, timely valid and reliable data and information?

BEIS currently uses the third generation of its statewide TRAC data system to collect most of the data and information required to be reported annually to the Department and the public under IDEA sections 616 and 618. This data system, with a user friendly interface, uses a single data file stored on a SQL Server database. TRAC3 collects all of the data required under section 618 of the Act. TRAC3 does not currently collect all of the data needed to report on the State's SPP and APR. The data for Indicators 3, 4, 8A, 8B, 10, 11, 12, and 13 are gathered using other components of the State's general supervision system. However, BEIS is developing TRAC4 that will address those SPP/APR areas not covered by TRAC3. A completion date for TRAC4 has not been established.

BEIS's TRAC3 data system has many key components to ensure the collection of timely, valid and reliable data. They include, but are not limited to: unique user IDs and passwords to authenticate access; restricted drop-down lists for data fields; date/time stamps for all data entered; and restrictions on submitting invalid data (unable to save information that the system determines is inaccurate). Additionally, only the BEIS data manager has the authority to change

certain fields, e.g. referral date, thereby adding another layer of protection to ensure the reliability and accuracy of data entered into the system.

Critical Element 2: Does the State provide clear guidance and ongoing training to local EIS programs regarding requirements and procedures for reporting data under section 618 of IDEA and the SPP/APR?

The BEIS data manager facilitates ongoing training and the provision of clear guidance to EIS programs and BEIS staff. TRAC3 has an operation and training manual. All staff are trained on TRAC3 prior to entering data. Data are reviewed weekly at the BEIS managers' meeting (which includes the Part C coordinator) and the BEIS data manager provides follow-up and technical assistance to EIS programs and providers when anomalies are identified. The BEIS data manager regularly attends regional all-staff meetings and meets individually with contracted EIS programs to answer questions and provide specific guidance.

Critical Element 3: Does the State have procedures to determine whether the individuals who enter and report data at the local and/or regional level do so accurately and in a manner that is consistent with IDEA sections 616 and 618, OSEP guidance, and State procedures?

BEIS staff reported that they utilize a specific set of procedures to determine data accuracy and to ensure that individuals who enter data do so with fidelity. For example, service providers provide monthly active case reports to her/his supervisor. Supervisors are then responsible for conducting spot checks to ensure data are current and accurate. Additionally, as a part of program monitoring, BEIS and EIS program staff review TRAC3 Child Detail Reports with individual hard copy files to ensure that the two sources match. The BEIS data manager also runs routine random state-level checks and reports.

Critical Element 4: Does the State have procedures for identifying anomalies in data that are reported to the State and correcting any inaccuracies?

The BEIS data manager reported that she conducts quarterly data audits and verification to identify anomalies and works with EIS programs to ensure correction. A data audit and verification includes, but is not limited to: a review of 45-day timeline data; a check of toddlers who are active in the database, but over the age of three; a check of IFSP dates to ensure all infants and toddlers have a current IFSP; a review of the exit data; a check to ensure that all required data fields, e.g. gender and race, are completed; a review of natural environment data; and a verification of all data related to the December 1st Child Count.

Data System – Conclusions

OSEP determined that the State's data system, TRAC3, and related policies and procedures, including the provision of ongoing technical assistance, continue to be reasonably designed to ensure the collection and reporting of required data by Nevada to OSEP and the public under IDEA sections 616 and 618. BEIS also confirmed that its 618 data provided to WESTAT are timely and accurate.

Fiscal Management System – Discussion

Critical Element 1: Does the State have procedures that are reasonably designed to ensure appropriate use of IDEA funds at the State level?

OSEP reviewed NDHHS's procedures for the use of Part C funds consistent with section 638 of IDEA.² The State reported that it has mechanisms for ensuring fiscal accountability at the State level in the use of IDEA funds. Mechanisms include, but are not limited to: a Governor's Executive Order; a legislative approved budget; a dedicated budget account for IDEA Part C funds; and exclusive job codes. In the State's fiscal management process, NDHHS staff reported that all Part C expenditures are verified by the BEIS fiscal manager, and the Health Administration (the NDHHS entity in which BEIS resides) also has the authority to make expenditures or override expense allocations.

During our visit, when OSEP staff inquired about Federal FY 2006 application budget items and was examining expenses that were charged to Nevada's Part C funds between June 26, 2007 and July 12, 2007, OSEP staff discovered that NDHHS staff could not identify the purpose of such expenses. After our visit, we sent a letter to NDHHS's chief fiscal officer on October 12, 2007 requesting clarification of these expenses that were charged to Part C Federal FY 2006 funds and whether such expenses were allowable under Part C (IDEA section 638) and OMB Circular A-87. NDHHS was required to provide a detailed description of each of the questioned costs to OSEP no later than 60 days from NDHHS's receipt of the letter dated October 12, 2007. NDHHS submitted documentation on December 6, 2007 and OSEP will provide a separate written response to NDHHS's December 2007 submission.

Critical Element 2: Does the State have mechanisms for ensuring the timely obligation and liquidation of IDEA funds by the State?

NDHHS staff reported that NDHHS has mechanisms for ensuring the timely obligation and liquidation of IDEA Part C funds. BEIS staff reported that BEIS uses fund maps, separate revenue numbers, job codes, and annual audits to track IDEA funds and can easily identify when IDEA funds have been obligated and liquidated.

Fiscal Management System – Conclusions and Required Actions

Although OSEP determined that the State has procedures reasonably designed to ensure that NDHHS uses IDEA Part C funds consistent with IDEA section 638 and that the State timely distributes, obligates, and liquidates its IDEA Part C funds at the State level, it is unclear if these procedures are appropriately implemented. In our October 12, 2007 letter, OSEP identified specific expenses charged by NDHHS to the Part C grant funds during June and July of 2007

² Without conducting a complete review of NDHHS's expenses and source documentation of all obligations, OSEP cannot determine or conclude that costs charged to IDEA Part C funds are allowable and whether NDHHS's policies for use of funds are fully and appropriately implemented.

that may be inconsistent with Part C requirements and the requirements of OMB Circular A-87 and requested that the State provide further documentation regarding these expenditures within 60 days of NDHHS's receipt of the letter. NDHHS submitted information on December 6, 2007. OSEP will respond in a separate letter to NDHHS's December 6, 2007 submission.

Summary

Within 60 days from the date of this letter, NDHHS must provide:

1. A written assurance that it has not adopted a specific percentage threshold for identification and correction of Part C noncompliance in EIS programs and it has informed all EIS programs in the State of the revocation of its 90% standard; and
2. Its proposed contractual and subaward enforcement and data reporting provisions and an assurance that NDHHS will expressly include this proposed language in its next fiscal awards to REM and ESSN.

In addition, NDHHS submitted on December 6, 2007 documentation regarding the allowability of expenses charged to Part C grant funds between June 26, 2007 and July 12, 2007. OSEP will respond to NDHHS's December 2007 submission in a separate letter.

We appreciate the cooperation and assistance provided by your staff during our visit to review the State's general supervision, data and fiscal management systems to ensure the provision of early intervention services to infants and toddlers with disabilities and their families in Nevada. We look forward to collaborating with Nevada as it continues to work to improve early intervention results for infants and toddlers with disabilities.

Sincerely,



Patricia J. Guard
Acting Director
Office of Special Education Programs

cc: State Part C Coordinator