

HUMAN SERVICES DEPARTMENT[441]

Notice of Intended Action

Proposing rulemaking related to fiscal oversight of the early childhood Iowa initiative and providing an opportunity for public comment

The Department of Health and Human Services (HHS) hereby proposes to amend Chapter 122, “Fiscal Oversight of the Early Childhood Iowa Initiative,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code chapter 256I.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapter 256I.

Purpose and Summary

Proposed Chapter 122 sets forth oversight measures of HHS in relation to the Early Childhood Iowa area boards to ensure sound fiscal management of Early Childhood Iowa funds. HHS reviews internal controls managing disbursement of funding, approves and signs agreements between the area boards and the State, requires a regular audit of funds managed by each area board, and ensures area boards have liability insurance and a contract monitoring schedule for their funded programs. Sound fiscal oversight of Early Childhood Iowa area boards works to ensure these boards operate optimally, allowing boards to successfully improve efficiency and effectiveness of early care services provided to families.

A Regulatory Analysis, including the proposed rule text, was published on November 1, 2023. A public hearing was held on November 28, 2023. The HHS received no public comments. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on November 28, 2023.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the HHS for a waiver of the discretionary provisions, if any, pursuant to 441—Chapter 6.

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking. Written or oral comments in response to this rulemaking must be received by the HHS no later than 4:30 p.m. on February 26, 2024. Comments should be directed to:

Joe Campos
Lucas State Office Building
321 East 12th Street
Des Moines, Iowa 50319
Phone: 515.304.0963
Email: joe.campos@idph.iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 14, 2024 11 to 11:30 a.m.	Microsoft Teams meeting ID: 212 588 466 197 Passcode: SThXzX
February 26, 2024 1 to 2 p.m.	Microsoft Teams meeting ID: 249 196 980 071 Passcode: 9dQkSC

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the HHS and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Rescind 441—Chapter 122 and adopt the following **new** chapter in lieu thereof:

CHAPTER 122

FISCAL OVERSIGHT OF THE EARLY CHILDHOOD IOWA INITIATIVE

441—122.1(256I) Definitions. For the purpose of these rules, the following definitions apply:

“*Agreement*” means a contract between the area boards, state board, department, and state agencies to which funding is allocated.

“*Audit*” means a financial review by area boards of early childhood Iowa funds. Area boards that receive federal funds shall complete an audit of the funds. The audit must be a single audit if the area board received a total of federal funds from all funding sources in excess of the threshold defined in 2 CFR 200.501(b) as amended to December 31, 2023. Area boards that are not required to conduct a single audit under 2 CFR 200.501(b) as amended to December 31, 2023, may coordinate with the fiscal agent to conduct the required audit. The audit requirements shall be found in the online toolkit available on the department website.

“*Early childhood Iowa area board*” or “*area board*” means the same as defined in Iowa Code section 256I.1.

“*Early childhood Iowa state board*” or “*state board*” means the same as defined in Iowa Code section 256I.1.

441—122.2(256I) Fiscal oversight.

122.2(1) In consultation with the state board, the department has adopted policies to oversee the fiscal responsibilities of area boards.

122.2(2) The department will:

- a.* Review the internal controls of all disbursements of early childhood Iowa funding;
 - b.* Approve the process for issuing agreements with area boards;
 - c.* Approve and sign all agreements between the area boards and the state for the purposes of Iowa Code chapter 256I;
 - d.* Develop a policy for the disbursement of funds;
 - e.* Require an audit, conducted by an independent agency, of the early childhood Iowa funds managed by area boards. The minimum requirements and frequency of audits for the area boards shall be determined and approved by the state board;
 - f.* Ensure that all area boards secure liability insurance;
 - g.* Require that area boards submit a contract-monitoring schedule for their funded programs.
- These rules are intended to implement Iowa Code sections 256I.1 through 256I.12.