

# Instructions for completing the Third-Party Report for School Districts Seeking Approval for a New or Reorganized AU



## General Information

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Colorado school districts provide special education services to eligible students with disabilities through administrative units (AUs). These AUs may be made up of a single school district, board of cooperative educational services (BOCES), or a multi-district AU. Individual districts may make an application to the Colorado Department of Education (CDE) to reorganize an existing AU or form a new AU. The process for forming a new or reorganized AU is outlined in the Rules for the Administration of the Exceptional Children's Education Act (ECEA)<sup>1</sup>. Under these rules, either the Department or any entity impacted by an application for a new or reorganized administrative unit may request the applicant district to secure and pay for a report prepared by an approved independent third party [ECEA Rule 3.01(3)(d)]. In approving the independent third party, the CDE will consider whether both the applicant district and the existing AU selected an individual or group that is mutually acceptable to both entities. In addition, CDE may request evidence that the selected individual or group has sufficient expertise in accounting, special education budget development and projection, and special education fiscal requirements [ECEA Rule 3.01(3)(d)].

This document provides guidance to qualified individuals who have been engaged by the applicant district to complete a third-party report as requested by CDE.

## Purpose of Third-Party Report

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Under the ECEA rules, the Department may approve an application for a new or reorganized administrative unit if the application materials submitted by the applicant district demonstrate that the proposed administrative unit will be able to meet all its obligations under state and federal special education law [ECEA 3.01(5)(a)(i)]. In addition, there must be evidence to demonstrate that the existing administrative unit will be able to meet all its obligations under state and federal special education law [ECEA 3.01(5)(a)(ii)]. In addition, the applicant district must be able to provide the assurances detailed in ECEA Rule 8.01(1). The applicant district is solely responsible for supplying information to the CDE to meet the standards outlined in ECEA Rules 2.08 and 3.01.

## Qualified Individuals

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ECEA rules require that the independent third party who prepares the report possess sufficient expertise in accounting, special education budget development and projection, and special education fiscal requirements [ECEA 3.01(3)(e)].

Prior to initiating the report, the individual completing the third-party report should seek to develop agreed upon procedures that will govern the third-party review and report. It is important to communicate these procedures to all affected administrative units.

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<sup>1</sup> The Rules for the Administration of the Exceptional Children's Education Act may be found at 1 CCR 301-8.

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## Contents of the Third-Party Report

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The third-party report must describe the *anticipated* revenues and expenditures for all affected administrative units, including the existing AU and the proposed new or reorganized AU [ECEA 3.01(3)(e)]. Specifically, the third-party report must provide sufficient information that will aid the Department in answering the following questions:

- Is there evidence that the proposed AU will be able to meet all its obligations, including maintenance of effort, under state and federal special education law? [Rule 3.01(5)(a)(i)]
- Is there evidence that the existing administrative unit will be able to meet all its obligations, including maintenance of effort, under state and federal special education law? [ECEA 3.01(5)(a)(ii)]

The written report must clearly evidence that current data has been obtained directly from both the applicant district and all existing administrative units that will be impacted. For example, if an applicant district is seeking to withdraw from its existing AU/BOCES to form a new single member AU, the report must evidence that current data has been obtained directly from both the applicant district and the existing AU. The report must consider the data in such a way that it contemplates the impact of the reorganization on both the applicant district (should it become an AU) and the impact on the existing AU *minus* the applicant district's membership.

For an applicant district that is seeking to withdraw from its current AU/BOCES to join another AU/BOCES, the report must evidence that the data has been obtained directly from the existing AU/BOCES *and* the AU/BOCES the applicant district is seeking to join. This information should be presented in the written report in such a way that it demonstrates the impact of the reorganization on both the existing AU (as it would function without the applicant district) and the reorganized BOCES (as it would function with the addition of the applicant district).

## Special Education Services Only

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Many BOCES that function as AUs also provide services beyond special education to member districts. While these additional services are valuable services to the districts, they may *not* be considered in the process for determining whether the applicant district's application will be approved. Under ECEA rules the process for determining if the application may be approved is limited solely to the effect of reorganization on the new or reorganized AU and the exiting AU's ability to provide special education services.

## Timeline for Third-Party Report

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The independent third-party report is due to the CDE no later than October 1<sup>st</sup> [ECEA Rule 3.01(4)(c)]. If October 1<sup>st</sup> falls on a weekend, the report is due the first business day following October 1<sup>st</sup>. All documents are due to CDE by 5:00 PM on the day on which they are due. Applicant districts should note that all timelines will be strictly enforced. Failure to provide the third-party report within the required timelines will result in the application being denied. The third-party report should be submitted to the [AU ReOrganization](#) Submission Form.