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**CAREER AND TECHNICAL EDUCATION – BASIC GRANTS TO STATES**

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**State Project/Program:** CAREER AND TECHNICAL EDUCATION – (PRC 017)

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**U. S. Department of Education**

**Federal Authorization:** Carl D. Perkins Career and Technical Education Act of 2006  
(P.L. 109-270)

**N. C. Department of Public Instruction**

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**N.C. DPI Confirmation Reports:**

Confirmation of Funds Expended and/or Disbursed from the State Public School Fund and Federal Programs 2018-19 will be available at the [NC DPI School Business Division Annual Reports Application](#). The system provides an electronic view of Year-to-Date (YTD) financial reports in response to requests for confirmation from independent auditors.

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

**I. PROGRAM OBJECTIVES**

The purpose of the Carl D. Perkins Career and Technical Education Act of 2006 (P.L. 109-270 known as Perkins IV) is to develop more fully the academic and technical skills of secondary students and post-secondary students who elect to enroll in Career and Technical Education (CTE).

**II. PROGRAM PROCEDURES**

Funds are provided by the U.S. Department of Education to the North Carolina Department of Public Instruction (DPI) for Career and Technical Education in accordance with a statutory formula a five-year state program plan for FY 2009 through FY 2013 and Continuing Resolution funding in subsequent Fiscal Years. Annual performance reports and updates are required per federal specifications. The State Board, in turn, makes grants directly to local eligible recipients, (local education agencies or LEAs), and contracts for services as described in Perkins IV. It also forwards one-third of the funds to the N.C. Department of Community Colleges.

Funds are distributed according to the cash request procedures discussed in the DPI Cross-Cutting Requirements, DPI-0.

Local eligible recipients follow procedures required of the state to carry out the purposes of Perkins IV. These procedures include annual planning, evaluations, and updates based on the requirements below. In North Carolina the following terms are synonymous at the secondary education level and below: Career and Technical Education (CTE), Vocational and Technical Education (VTE), Vocational Education (VE), and Workforce Development Education (WDE).

A subrecipient must be a local education agency (LEA) eligible to receive assistance under section 131 of the Carl D. Perkins Career and Technical Education Act of 2006. An LEA shall not receive an allocation unless 1) the amount is greater than \$15,000.00, 2) the LEA enters into a consortium with other LEAs for meeting the minimum requirements, or the LEA receives a waiver. LEAs eligible for waivers are 1) those located in rural, sparsely populated areas, 2) public charter schools operating a secondary career and technical program, and 3) those demonstrating they are unable to enter into a consortium for purposes of providing activities under Perkins IV. (PL 109-270, Section 131) (c).

Program guidelines can be found by using the following guides: 1) *Fiscal and Policy Guide for Career and Technical Education* (January 2016), and the 2) *Career and Technical Education Essential Standards* (Effective August 2012).

### III. COMPLIANCE REQUIREMENTS

NC Department of Public Instruction (DPI) mandates that all testing in the DPI Cross-Cutting Requirements be performed by the local auditor. Please refer to Cross-Cutting Requirements DPI-0.

Other procedures that pertain to this program can be found in the US Department of Education Cross-Cutting Section and the Federal Compliance Supplement.

#### A. Activities Allowed or Unallowed

**Compliance Requirement** - The LEA plan and approved annual application must describe the activities that are required and allowed. The LEA must:

1. Submit an annually updated local plan that shall cover the same time periods as the State Plan. Annual local planning is done online via the Career and Technical Education Local Planning System (CTE LPS, <http://ctelps.dpi.state.nc.us> Login: guest, Password: guest). Through the local plan the LEA shall (P.L. 109 - 270, Section 134):
  - a. Carry out programs required under Section 135(b) of Perkins IV
  - b. Carry out activities with respect to meeting State adjusted levels of performance established under Section 113 of Perkins IV
  - c. Offer the appropriate courses in one or more programs of study as described in Section 122(c)(1)(A) of Perkins IV
  - d. Improve the academic and technical skills of students participating in CTE programs
  - e. Provide these students with strong experience and understanding of all aspects of an industry
  - f. Ensure that students who participate in such CTE programs are taught to the same coherent and rigorous content aligned with challenging academic standards as are taught to all other students

- g. Encourage students who participate in CTE at the secondary level to enroll in rigorous and challenging courses in core academic subjects (as defined in section 9101 of the Elementary and Secondary Education Act of 1965)
  - h. Involve parents, students, academic and career and technical education teachers, administrators, career guidance and academic counselors, representatives of tech prep consortia, representatives of business and industry, labor organizations, and representatives of special populations in the development, implementation and evaluation of CTE programs assisted via Perkins IV
  - i. Provide a CTE program of such size, scope, and quality to bring about improvement in the quality of the CTE program
  - j. Independently evaluate and continuously improve the LEA's performance in CTE.
  - k. Review the CTE programs, and identify and adopt strategies to overcome barriers that result in lowering rates of access to or lowering success in the programs for special populations
  - l. Provide programs designed to enable special populations to meet the State adjusted levels of performance
  - m. Provide activities to prepare special populations for high skill, high wage, or high demand occupations that will lead to self-sufficiency  
Not discriminate against individuals who are members of special populations on the basis of their status as members of special populations.
  - n. Use funds to promote preparation for nontraditional fields;
  - o. Provide career guidance and academic counseling to career and technical education students, including linkages to postsecondary education and training opportunities;
  - p. Recruit and retain CTE teachers, faculty, career guidance and academic counselors, including groups underrepresented in the teaching profession;
  - q. Improve transition to teaching from business and industry;
2. Fund only CTE programs, which shall (PL 109-270, Section 135(b)):
- a. Strengthen the academic and career and technical skills of students participating in CTE programs
  - b. Link secondary CTE and postsecondary CTE education, including implementing Tech Prep (called College Tech Prep (CTP) in N.C.) programs
  - c. Provide students with strong experience in and understanding of all aspects of an industry, which may include work-based learning
  - d. Develop, improve, or expand the use of technology in CTE, including:
    - 1. Training CTE personnel to use state-of-the-art technology, which may include distance learning
    - 2. Providing CTE students with academic and career and technical skills leading to entry into technology fields
    - 3. Encouraging schools to work with high technology industries to offer voluntary internships and mentoring programs
  - e. Provide professional development programs to teachers, counselors, and administrators in:
    - 1. Effective integration and use of challenging academic and career and technical education provided jointly with academic teachers;
    - 2. Effective teaching skills based on research that includes promising practices
    - 3. Effective use of scientifically based research and data to improve instruction
    - 4. Support educational programs to ensure that CTE teachers and personnel stay current with all aspects of industry
    - 5. Provide internships for business experience to teachers

6. Train teachers in the use and application of technology
  - f. Develop and implement annual evaluations of the CTE programs carried out with Perkins IV funds, including an assessment of how the needs of special populations are being met
  - g. Initiate, improve, expand, and modernize quality CTE programs
  - h. Provide services and activities of sufficient size, scope, and quality to be effective
  - i. Provide services to prepare special populations who are enrolled in career and technical programs for high-skill, high-wage, high-demand occupations that will lead to self sufficiency
3. The LEA may use Perkins IV funds to (PL 109-270, Section 135(c)):
- a. Involve parents, businesses, and labor organizations in the design, implementation, and evaluation of CTE programs authorized under Perkins IV;
  - b. Provide career guidance and academic counseling for students participating in CTE programs;
  - c. Provide work-related experiences, such as internships, cooperative education, school-based enterprises, entrepreneurship, and job shadowing related to CTE programs;
  - d. Provide programs for special populations in CTE;
  - e. Provide local education and business partnerships; for CTE
  - f. Provide mentoring and support services for CTE;
  - g. Lease, purchase, upgrade, or adapt equipment, including instructional aides for CTE designed to support academic and technical skill attainment;
  - h. Assist teacher preparation programs that assist individuals to become CTE instructors, including those with experience in business or industry;
  - i. Provide activities that support entrepreneurship education and training;
  - j. Improve or develop new CTE courses;
  - k. Provide support for family and consumer science CTE programs;
  - l. Provide CTE programs for adults and school dropouts to complete their secondary school education;
  - m. Provide assistance to students participating in CTE services and activities under Perkins IV to find an appropriate job and to continue their education;
  - n. Support nontraditional training and employment activities in CTE;
  - o. Provide training programs in automotive technologies;
  - p. Pooling of funds with other eligible recipients for innovative initiatives such as:
    1. Initial preparation of CTE teachers and professional development of CTE teachers, counselors and administrators;
    2. Establishing, enhancing or supporting systems for accountability and data collection under Perkins IV
    3. Implementing technical assessments
  - q. Support other CTE activities consistent with the purposes of Perkins IV

### **Audit Objective**

To determine that expenditures are allowable and properly recorded.

### **Suggested Audit Procedures**

- Review expenditure records (Budget Balance Reconciliation Report 305/705) and supporting documentation to determine whether funds were spent only for required and allowable services and activities in accordance with the approved CTE Local Plan (CTE LPS, <http://ctelps.dpi.state.nc.us> Login: guest / Password: guest).

- Determine if program guidelines are being followed by reviewing the most recent:  
1) *Fiscal and Policy Guide for Career and Technical Education* (January 2016); and, 2) the *Career and Technical Education Essential Standards* (Effective August 2012).
- Determine that personnel paid from these funds do not exceed budgeted personnel in approved program budget and support the purposes of CTE. See State Public School Fund guidelines for salary audit requirements.
- Verify that expenditures for administrative purposes (Purpose Code 6120 plus indirect costs) do not exceed the 5% cap.
- See State Months of Employment Career and Technical Education Program Guidelines for salary audit requirements.
- Verify compliance with Uniform Grant Guidance 2 CFR 200.430 Compensation – Personal Services requirements for certification of time and effort via twice annual certification or monthly certification as appropriate (or alternative system if approved).
- Check the online LEA Licensure and Salary Information Center Exception List for audit exceptions from monthly payrolls. Ask for and check printouts of CTE course numbers compared to CTE teacher licensure to determine if CTE teachers are being paid to teach courses for which they are qualified.
- Verify the validity of the content of the local application. Review the applicable year’s Career and Technical Education Local Planning System (CTE LPS) to determine that expenditures are in accordance with local application. Evaluate CTE LPS Part II Performance Indicator Strategies against Budget Balance Reconciliation Report 305/705 appropriate for the program.
- Determine if samples of requirements, programs, services, and activities are implemented as described in the approved LPS.
- Verify that expenditures supplement activities under non-federal fund sources and do not supplant activities funded under non-federal fund sources
- Verify proper utilization of Object Code 311. Review usage of Object Code 311 – Contracted Services to ensure proper procedures are used for expenditure of funds for this purpose including a signed agreement/contract for services rendered. Contracted Services may not be used to acquire equipment, furniture or computer equipment. Object Code 311- Contracted Services may not be used for renovations to existing facilities, for construction, demolition, fixture purchase and/or installation, or other capital improvement.

**B. Allowable Costs/Cost Principles (2 CFR 200 Subpart E Cost Principles and 34 CFR 76.530 General Cost Principles)**

Addressed in the US Department of Education Cross-Cutting Section, the NC Department of Public Instruction Cross-Cutting Requirements and Code of Federal Regulations.

**C. Cash Management**

Addressed in the NC Department of Public Instruction Cross-cutting Requirements.

**E. Eligibility**

Eligibility for Subrecipients - The Program Consultant determines if the eligibility requirements are met when the project application is approved. Local auditor is not required to test for this requirement.

Eligibility for Individuals - This compliance requirement does not apply at the local level. No testing is required.

**F. Equipment and Real Property Management**

Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

**G. Matching, Level of Effort, Earmarking**

This compliance requirement does not apply at the local level. No testing is required.

**H. Period of Availability of Federal Funds**

Addressed in the US Department of Education Cross-Cutting Section.

**Compliance Requirements** - The LEA must expend Federal program funds during the period for which the funds were available for expenditure. Carl D. Perkins funds are allocated for the academic year (fiscal year) without carryover. All funds must be expended for activities for the academic year (fiscal year) (P.L. 109-270 Section 133 (b)). The LEA shall maintain documentation to demonstrate that the expenditure occurred during the period of availability and was charged to the appropriate fund. These funds are available for use by the LEA from July 1 of one calendar year through June 30 of the following calendar year unless indicated otherwise in the approval document for the LEA's annual application for CTE state/federal funding. This approval comes through the online Career and Technical Education Local Planning System (CTE LPS) and through the DPI Budget and Amendment System (BAAS) as implemented by the district.

**Audit Objective** - To determine that no expenditures were incurred prior to the beginning date of the approved project.

**Suggested Audit Procedures**

- Review transactions to verify that no expenditures were incurred prior to the approved project application beginning date.
- Review transactions to verify that all expenditures were for the current year (no expenditures for the following fiscal/academic year).

**I. Procurement and Suspension and Debarment**

This compliance requirement does not apply at the local level.

**L. Reporting Requirements**

Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

**Compliance Requirement** - The LEA will provide sufficient information to the State to enable the State to comply with the provisions of Perkins IV and with state requirements, including Section 122(c)(12) and (20) of PL 105-332, and of G.S. 115C-154.

**Audit Objective**

To determine whether reports contain the proper information and are fairly presented in accordance with program requirements.

**Suggested Audit Procedures:**

- Obtain a copy from the LEA of the current CTE Enrollment Report, Concentrator Feedback, and the completed information in the Career and Technical Education Local Planning System (CTE LPS), which includes academic and technical attainment, graduation/completion data, placement data, nontraditional enrollment and completion data.
- Trace reports and data to supporting documentation.
- Compare expenditures to specifications of the LEA’s approved plan budget in the Budget and Amendment System (BAAS).

**M. Subrecipient Monitoring**

This compliance requirement does not apply at the local level. No testing is required.

**N. Special Test and Provisions**

Addressed in the US Department of Ed Cross-Cutting Section, the Code of Federal Regulations and the NC Department of Public Instruction Cross-Cutting Requirements.