

84.377

TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

State Project/Program: **SCHOOL IMPROVEMENT GRANTS (PRC 117)**

US Department of Education

Federal Authorization: Title I of the Elementary and Secondary Education Act of 1965, as amended by Every Student Succeeds Act (ESSA) P.L.114-95. Effective 07/01/17.

State Project/Program:
NC Department of Public Instruction

Agency Contacts:

Program

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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 School Improvement Grants (SIG) program is authorized by section 1003(g) of the Elementary and Secondary Education Act of 1965 (ESEA). Under section 1003(g)(1) of the ESEA, the Secretary must “award grants to States to enable the States to provide subgrants to local educational agencies for the purpose of providing assistance for school improvement consistent with section 1116.” From a grant received pursuant to that provision, a State educational agency (SEA) must subgrant at least 95 percent of the funds it receives to its local educational agencies (LEAs) for school improvement activities. In awarding such subgrants, an SEA must “give priority to the local educational agencies with the lowest-achieving schools that demonstrate — (A) the greatest need for such funds; and (B) the strongest commitment to ensuring that such funds are used to provide adequate resources to enable the lowest-achieving schools to meet the goals under school and local educational agency improvement, corrective action, and restructuring plans under section 1116.” The regulatory

requirements implement these provisions, defining LEAs with the “greatest need” for SIG funds and the “strongest commitment” to ensure that such funds are used to raise substantially student achievement in the persistently lowest-achieving schools in the State.

The Department published in the Federal Register a notice of final requirements for the SIG program (final requirements) on February 9, 2015 (80 FR 7224). The final requirements make changes to the SIG program requirements and implement language in the Consolidated Appropriations Act, 2014, that allows LEAs to implement additional interventions, provides flexibility for rural LEAs, and extends the grant period from three to five years. Additionally, the final requirements make changes that reflect lessons learned from four years of SIG implementation.

II. PROGRAM PROCEDURES

Funds are obtained by a state following submission of an application to the Secretary of Education.

III. COMPLIANCE REQUIREMENTS

The 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.

A. Activities Allowed or Unallowed

Compliance Requirements - Funds may be used by a LEA or other operating agency only in accordance with the approved State plan and only for those services or activities in its approved project application.

Audit Objective – To determine that expenditures are allowable.

Suggested Audit Procedures:

- Obtain a copy of the Budget Balance Reconciliation Report (305/705) from the finance officer and compare to local accounting records for conformity.
- Obtain a copy of the project plan application from the local program coordinator and review expenditures to determine that expenditures are in accordance with the project application.

B. Allowable Costs/Cost Principles

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

C. Cash Management

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

E. Eligibility

Eligibility for Subrecipients – No testing is required. The Department of Public Instruction program consultant determines if the eligibility requirements are met when the project is approved.

G. Matching, Level of Effort, Earmarking

1. Matching

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

2. Level of Effort

Sub-section 2.2, Level of Effort – Supplement Not Supplant, of the US Department of Education Cross-Cutting Section has been determined to apply to this program.

3. Earmarking

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

H. Period of Availability of Federal Funds

Compliance Requirement – Expenditures may not be incurred before the beginning date of the project. Any expenditures prior to the beginning date are considered unallowable and must be refunded to DPI.

Audit Objective – To determine that no expenditures were incurred prior to the beginning date of the approved project excepting any authorized pre-implementation activities.

Suggested Audit Procedures:

- Review transactions to verify that no expenditures were incurred prior to the approved application beginning date.
- Review the allotment report, Budget Utilization and Development System (BUD) communication form, or project approval letter from DPI to determine the project beginning date.

I. Procurement and Suspension and Debarment

Addressed in the US Department of Education Cross-cutting Section and NC Department of Public Instruction Cross-cutting Requirements.

L. Reporting

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

N. Special Tests and Provisions

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