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RURAL EDUCATION

**SMALL RURAL SCHOOLS ACHIEVEMENT (PRC 091) – Rural Education
Achievement Program**

US Department of Education

Federal Authorization: Elementary and Secondary Education Act of 1965, Title V, Part A, as amended Every Student Succeeds Act (ESSA) P.L. 114-95.
Effective 07/01/2017

State Authorization: Small Rural Schools Achievement (PRC 091) – Rural Education
Achievement Program

NC 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 2019-20 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.

This compliance supplement should be used in conjunction with the OMB 2020 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The Small Rural School Achievement Program (SRSA) of the Rural Education Achievement Program (REAP) is designed to address the needs of rural, low-income schools by allowing greater flexibility in the use of specific federal formula grants funds to the LEAs. No new funds are involved with this program.

II. PROGRAM PROCEDURES

The alternative uses of funds authority known as “REAP-Flex” allows eligible LEAs greater flexibility in use of specific Federal formula grant fund to support local activities under an array of Federal programs in order to assist them in addressing local academic needs more effectively. No new funds are involved with the program. The applicable funding includes all funds allocated by federal formula to an LEA in the following programs:

- Title II, Part A (Supporting Effective Instruction)
- Title IV, Part A (Student Support and Academic Enrichment Grant)

NOTE: In order to receive funds under one of the above listed programs, an LEA must meet the relevant application and eligibility requirements, regardless of whether it intends to use the funds for alternative uses under the REAP-FLEX authority.

III. COMPLIANCE REQUIREMENTS

The Type of Compliance Requirements can be found in Section B in the link: [2020 Agency Matrix for Federal Programs](#). This matrix incorporates the OMB Compliance Supplement “Part 2 - Matrix of Compliance Requirement.” A State Agency may have added a compliance requirement that the OMB matrix in Part 2 has a “N” (Not Applicable).

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 Requirement – Funds must be used by the LEA only in accordance with the approved State plan, and only for those services or activities in its project application or approved amendments.

In addition, the LEAs/Charter Schools must state their intent to participate in the SRSA Program by completing the appropriate application section within the Comprehensive Continuous Improvement Plan (CCIP) platform. The original fund source (Title II/Title IV) applications should be waived within CCIP.

Use of SRSA REAP-Flex Funds

REAP-FLEX is intended to assist a participating LEA in addressing the unique needs to rural school districts in meeting the challenging state academic standards. An LEA (not Charter School) participating in REAP-FLEX should reserve for the benefit of private school students and teachers the applicable funding that is generated by private school students. The auditor should check for this private school funding if private school students are involved.

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 application from the local program coordinator and review expenditures to determine that expenditures are in accordance with the project application/amendments.
- Review salary expenditures to determine that personnel paid from these funds do not exceed budgeted personnel in approved program budget

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 Sub-recipients – No testing is required. The Department of Public Instruction program consultant determines if the eligibility requirements are met when the project is approved.

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

1. Matching

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

2. Level of Effort

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

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 initial project begins. Any expenditure prior to the beginning date are considered unallowable and must be refunded to the SEA.

Audit Objective – To determine that no expenditures were incurred prior to the date the project began.

Suggested Audit Procedure:

- Review transactions to verify that no expenditures were incurred prior to the approved application beginning date.

I. Procurement and Suspension and Debarment

Addressed in the 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.