

84.425

EDUCATION STABILIZATION FUND

State Project/Program: CARES Act – K-12 Emergency Relief Fund (PRC 163)

U. S. Department of Education

Federal Authorization: The Elementary and Secondary School (K-12) Emergency Relief Fund, authorized by the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act), is intended to assist eligible public-school units during the novel coronavirus pandemic.

State Project/Program: CARES Act – K-12 Emergency Relief Fund (PRC 163)

NC Department of Public Instruction

Agency Contacts:

Program

Dr. Laticia Townsend, Director
Federal Program Monitoring and Support Division
Laticia.Townsend@dpi.nc.gov (984) 236-2787

Tina Letchworth, Assistant Director
Federal Program Monitoring and Support Division
Tina.Letchworth@dpi.nc.gov (984) 236-2799

Financial

John Keefer, Budget Manager
Division of School Business
John.Keefer@dpi.nc.gov (984) 236-2453

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.

I. PROGRAM OBJECTIVES

The objective of the Elementary and Secondary School (K-12) Emergency Relief Fund (ESSER Fund), authorized by the CARES Act is intended to assist eligible local education agencies, charter, lab, regional and innovative schools (herein referred to as public school units or PSU) who are eligible to receive Title 1, during the novel coronavirus pandemic.

II. PROGRAM PROCEDURES

CARES Act funds are provided to DPI based on the same proportion as the most recent Title I award. Allocations to eligible units are made in proportion to the amount of funds such units received under Title I, Part A in the most recent fiscal year. All local education agency, charter, lab, regional and innovative schools (PSUs), who are eligible to receive Title 1 funds, are also eligible to receive funds under the ESSER Fund. Units that seek funds must complete and submit to NCDPI a brief application form provided by NCDPI and the State Board of Education. The application describes the PSUs plan for the use of the ESSER Funds (PRC 163) as provided by the CARES Act. The plan should be data-based and reflective of needs that have emerged as a result of COVID-19. Allotments will be distributed to the PSUs once applications are approved.

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

III. COMPLIANCE REQUIREMENTS

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

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

In addition to the Federal requirements, each SEA has the authority, in accordance with State law, to issue rules consistent with Federal statutes and regulations. These rules should be reviewed before beginning the audit.

A. Activities Allowed or Unallowed

Compliance Requirement - Funds may be used by only for those services or activities in its project application. Expenditures must be reported to the SEA each month.

1. Funds may be used in accordance with the plan outlined in Parts A through D of the ESSER Fund application remitted to NCDPI.

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 appropriateness. Obtain a copy of the ESSER funds budget. Ensure that the ESSER Fund budget substantially corresponds to the PSU plan as described in Parts A through D of the ESSER Fund application.

Test expenditures and related records to determine if expenditures were made only for (1) those services or activities in the ESSER Fund application and (2) expenditures that were not previously planned.

B. Allowable Costs/Costs Principles

Compliance Requirement- Allowable costs related to the ESSER Funds include:

1. Any activity authorized by the Elementary and Secondary Act of 1965 (ESEA), the Individuals with Disabilities Education Act (IDEA), the Adult Education and Family

Literacy Act, the Carl D. Perkins Career and Technical Education Act of 2006, or Title VII, Subtitle B of the McKinney-Vento Homeless Assistance Act.

2. Coordination of preparedness and response efforts of PSUs with State or local public health departments and other relevant agencies to improve coordinated responses in preventing, preparing for, and responding to coronavirus.
3. Providing principals and other school leaders with resources to address the needs of their individual schools.
4. Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of those students.
5. Develop and implementing procedures and systems to improve preparedness and response efforts.
6. Training and professional development for staff pertaining to sanitation and minimizing the spread of infectious diseases.
7. Purchasing sanitation and cleaning supplies for PSU facilities.
8. Planning for and coordinating long term closures, including for how to provide meals to eligible students, provide technology for online learning to all students, provide guidance for carrying requirements under IDEA, and ensuring that other services can continue consistent with applicable Federal, State, and local requirements.
9. Purchasing educational technology (including hardware, software and connectivity) for students to aid in regular and substantive interaction between students and their classroom instructors (including low-income and disabled students), which may include assistive technology or adaptive equipment.
10. Providing mental health services and supports.
11. Planning and implementing summer learning and supplemental afterschool program activities, including providing classroom instruction or online learning during the summer months.
12. Other activities deemed necessary to maintain the operation and of and continuity of services in PSUs, and continuing to employ existing staff of the PSU.

Audit Objective – To determine costs are allowable.

Suggested Audit Procedures -

Test expenditures and related records to determine if expenditures are:

- Approved and have supporting documentation;
- Reasonable with respect to cost being incurred.

F. Period of Availability of Federal Funds

Compliance Requirement - Funds are available from March 13, 2020 until September 30, 2021 plus an additional 12 months through the Tydings Amendment. Expenditures may not be incurred before the grant begins or after the grant period ends. Any expenditures prior to the beginning date or after the end date are considered unallowable and must be refunded to DPI.

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Audit Objective - Determine that no expenditures were incurred prior to the date the grant began or after the grant period ends

Suggested Audit Procedure - Review transactions to verify that no expenditures were incurred prior to or after the approved period of availability.

M. Subrecipient Monitoring

Compliance Requirement – Not applicable at local level.