

84.010

TITLE I SCHOOL IMPROVEMENT (PRC 105)

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: School Improvement (PRC 105)

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 2020-21 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.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2021 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

School Improvement grants authorized under section 1003(a) of the Elementary and Secondary Education Act of 1965 (ESEA), are grants for use in the state's lowest-achieving schools. These funds are reserved from the State educational agency's (SEA's) Title I, Part A funds to make formula grants available to local educational agencies (LEAs). With the approved waivers for North Carolina's ESEA Flexibility Request, an LEA may apply for funds for eligible schools identified under the federally approved definition for "priority schools."

In awarding such sub-grants, an LEA must commit to using 1003(a) funds to implement one of four school intervention models: turnaround model, restart model, school closure, or transformation model; or to implement interventions aligned with turnaround principles.

II. PROGRAM PROCEDURES

Funds are obtained by a state following submission of an application to the Secretary of Education. Annually the State Education Agency sets aside an amount not to exceed 3% of its Title I, Part A funds to allot to LEAs with schools in Title I School Improvement.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as "Y," on the "Matrix of Compliance Requirements" located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by "N."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the "Matrix" in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	N	Y	N	Y	N	N	N	Y	Y	Y

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.

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

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 Performance

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.

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.

J. Program Income

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

L. Reporting

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

M. Subrecipient Monitoring

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

N. Special Tests and Provisions

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